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Waferix

Annual Report 2019

ixbiopharma

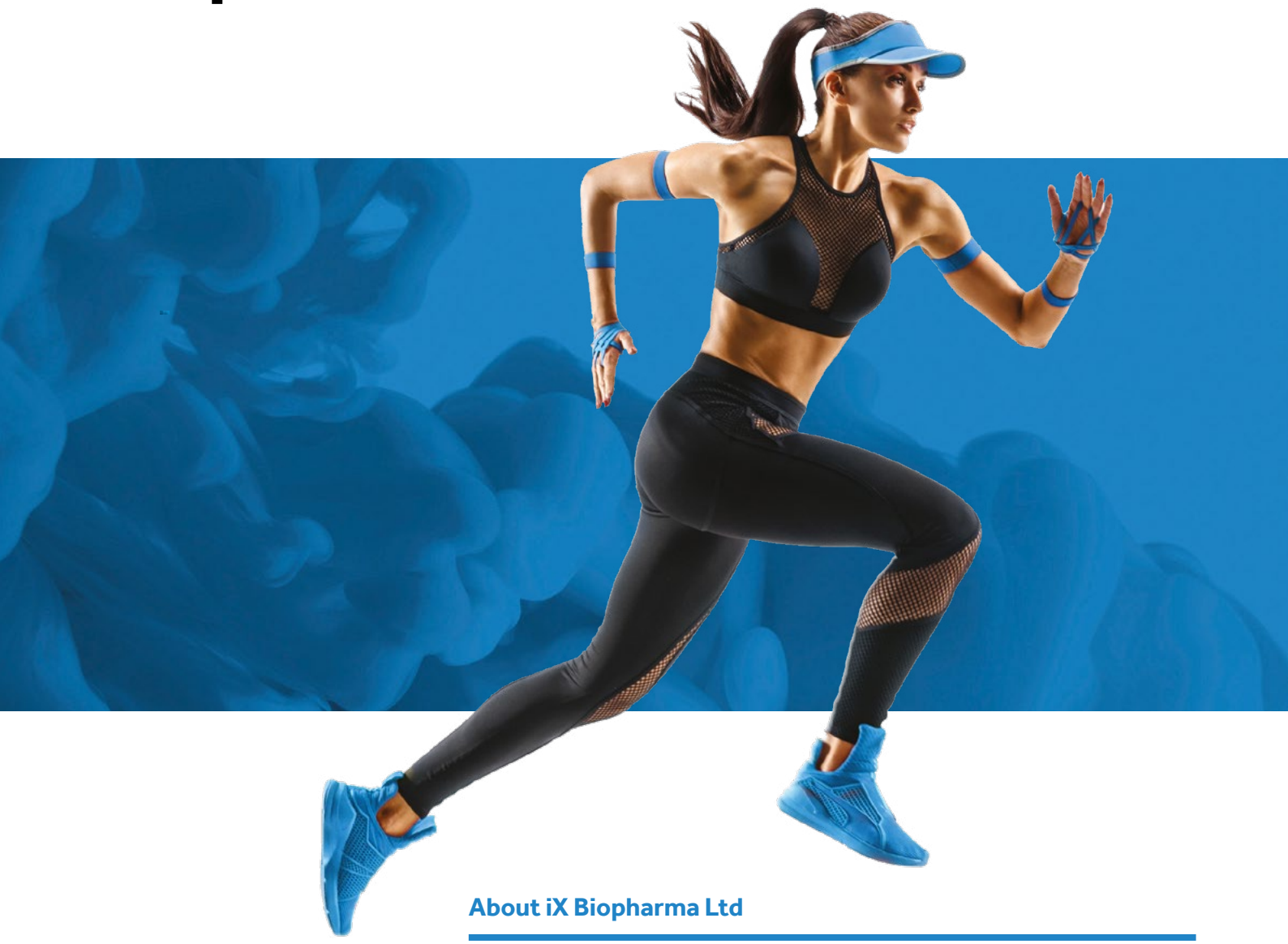
it's life changing

Contents

Sponsor Statement

This Annual Report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), in accordance with Rule 226(2)(b) of the Catalist Rules. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: (65) 6337-5115.

Corporate Profile



About iX Biopharma Ltd

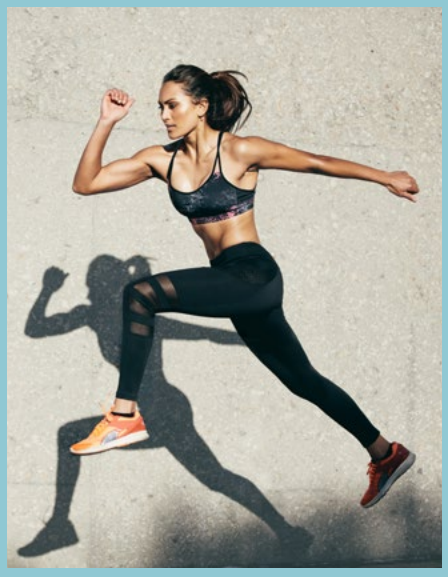
iX Biopharma Ltd (iX Biopharma or the Company) is a Singapore public-listed specialty pharmaceutical and nutraceutical company, operating a fully integrated business model from drug development and manufacturing to sales and marketing, with facilities in Australia. iX Biopharma and its subsidiaries (the Group) focus on the development and commercialisation of novel wafer formulations to improve the quality of life of those suffering from pain and other health conditions using its patented sublingual delivery technology, WaferiX.

iX Biopharma's pipeline of products under development includes Wafermine, a sublingual ketamine drug for the treatment of moderate to severe acute pain and depression, and Wafesil, a sublingual sildenafil drug, which has obtained approval and registration in Australia, for the treatment of male erectile dysfunction. iX Biopharma is also developing a cannabidiol drug using its WaferiX technology and is evaluating its use as a treatment for anxiety, tremor and inflammatory conditions.

The Group's nutraceuticals division, Entity Health Limited (Entity Health), is engaged in the development and commercialisation of nutraceutical products that address specific conditions and improve quality of life. Entity was launched on e-commerce in December 2017 and is now also stocked in 178 pharmacies and health food stores across Australia.

Vision
To develop therapies and products that will improve the quality of life for patients with acute pains, chronic diseases and debilitating conditions.

Mission
Combining known, approved drugs (both in terms of efficacy and side effect profile) with new innovative drug delivery systems to get drugs quickly to market at lower development risk.



Chairman's Statement

Dear Shareholders,

our exciting journey to develop pharmaceutical products turned a corner in financial year 2019 (FY2019) as we leveraged further on our patented sublingual drug delivery technology, WaferiX. We have progressed various pharmaceutical products and nutraceuticals further along the road to commercialisation — and created new ones.

Notably, for the first time, we have formulated a cannabinoid (CBD) product and it uses our much-touted WaferiX delivery technology to address various health issues such as uncontrollable hand tremor, chronic inflammation and anxiety.

Looking back on FY2019, I am proud to say that it was a year where the foundation for our future growth has been further strengthened. On all fronts, the Group has made much headway and shown dynamism — in operations, in research & development of new products, and in our push into revenue generating avenues for our nutraceuticals. What particularly cheers us is the expansion of our therapeutic platforms to include medicinal cannabis products using WaferiX.

Taken together, these steps will increase our ability to develop breakthrough therapies and improve patient outcomes. For our shareholders, all this means sales and profit growth to create sustainable and significant value.

We were fortunate to receive an attractive, unsolicited A$12.5 million offer for our chemical laboratory testing business. It came at the most opportune time as the Group shifted its emphasis in a major way from research and development to manufacturing products for sale — and initiating efforts to out-license our WaferiX technology.

The divestment of the chemical laboratory testing subsidiary was completed in March 2019, resulting in a net gain on disposal of $10.3 million and enabling the Group to focus more sharply on its core business as a specialty pharmaceutical company.

Product Pipeline

Product / Projects	Preclinical	Phase I	Phase II	Phase III	Registration
Wafesil	Male Erectile Dysfunction				AUS TGA
Silcap	Male Erectile Dysfunction				AUS TGA
Wafermine	Acute Moderate to Severe Pain*				
BnoX	Moderate to Severe Pain				
Xativa	Anxiety/ Tremor				

* EOP2 meeting scheduled with US FDA at end of September 2019

Another highlight of FY2019 was the release of results of our Phase 2b clinical trial for Wafermine, which demonstrated strong analgesic efficacy, safety and tolerability in patients experiencing moderate to severe acute, post-operative pain after undergoing either abdominoplasty or bunionectomy surgery.

As a next step towards the all-important Phase 3 clinical trials, we have worked with our scientific advisors to develop clinical protocols for submission to the United States Food and Drug Administration (US FDA). I cannot overemphasise the significance of the End-of-Phase-2 (EOP2) meeting with the US FDA that has been scheduled for late 1Q FY2020. Separately, we have engaged a financial and strategic adviser to guide us on the out-licensing of Wafermine and our favoured arrangement of a strong partner to support our Phase 3 programme.

With Wafermine advancing smoothly into the final phase of development, we are pleased to report that we continue to meet the milestones established during the IPO stage four years ago.

Chairman's Statement

- To support expected future growth of demand for our products, we invested in additional manufacturing to increase capacity.

Medicinal Cannabis

As I mentioned earlier, we have formulated a sublingual CBD product called Xativa using WaferiX. This is our astute and quick response to the surge in the recognition of medicinal cannabis in many parts of the world in just the past, say, 12 months. The trajectory for medicinal cannabis research and commercialisation is by far the most impressive trend in the pharmaceutical industry I have ever seen. Just not too long ago, I would not have been able to tell you what the acronym CBD stands for, let alone what the product can be used for.

It's a no-brainer to us that when it comes to CBD products also, our WaferiX technology has vital advantages over other forms of delivery in offering superior patient outcomes. It comes as no surprise to us that already, there are initial expressions of interest in WaferiX from various potential business partners. In this regard, let me stress that it's early days, of course, but WaferiX will be increasingly central to our business value — our crown jewel, no less, with patents covering Australia, China, Japan, South Korea and the European Union, among others.

It has become evident that cannabinoids, which are plant extracts, can be effective and safe for treating a vast spectrum of human health issues including arthritis, depression, amenorrhea, inflammation, pain, lack of appetite and asthma.

In a stunning case that has been widely cited in the media as well as noted by doctors and scientists, a girl, Charlotte Figi, miraculously recovered from Dravet Syndrome, which is a rare, severe form of intractable epilepsy (see "Marijuana stops child's severe seizures" published by CNN, 2013) through the use of CBD oil. Charlotte went from having 300 grand mal seizures a week to 1 or 2 mild seizures per month. Importantly, no side effects were reported after her use of CBD oil for three years.

Cannabis Market Size

The legal cannabis industry has witnessed explosive growth in the last two years. More than US$10 billion was invested into the North American marijuana industry in 2018, twice the total amount invested in the previous three years, and it is projected to increase to US$16 billion in 2019.

Global

- Market size in 2018 was estimated at US$13.8 billion and is projected to reach US$66.3 billion by the end of 2025, expanding at a compound annual growth rate (CAGR) of 23.9% between 2018-2025.

North America

- US market size in 2018 was estimated at US$1.9 billion and is projected to grow at a CAGR of 49% to US$20 billion between 2018 and 2024; and

- Canadian market size in 2018 was estimated at US$569 million and is projected to grow at a CAGR of 44% to US$5.2 billion between 2018 and 2024.

Australia

- Market value of medicinal cannabis is projected to reach US$2.13 billion by 2028.

- We operate a fully integrated business including manufacturing and sales and marketing.

Nutraceuticals

As previously reported, we have continued our focus on building our Entity nutraceuticals brand first and foremost in Australia. Entity nutraceuticals are uniquely positioned between nutrition and therapy. Each product is tailored to a specific need and for a targeted purpose, is based on the latest scientific research, and is designed to bring visible and perceptible change to improve people's quality of life.

Our range of products has been well received by the Australian consumer market; wherein this year saw the pharmacy and health food stores selling Entity products grow steadily from 25 to 178 stockists. Our product range has also expanded from five to eight products in this market.

To remain at the forefront of innovation in the health supplement category, we plan to have three to five new Entity products launched every year. We will continue to review the global supplements market and identify unmet needs in this area.

Some of the therapeutic areas and products we are currently working on include:

- Anxiety for people who lead hectic lifestyles
- Sleep supplement for insomnia
- WaferiX product for symptomatic relief of eczema and psoriasis

Our Strategy

Our strategy is to build a well-balanced, diversified, and high-growth specialty pharmaceutical company. As part of our corporate growth strategy, we look to explore opportunities to license products and/or collaborate with suitable, like-minded partners to promote and market our products.

For example, we have recently engaged a professional financial advisor to assist in prospecting suitable partners for the out-licensing of Wafermine. There is a surge in demand for a more superior administration of CBD products via sublingual delivery and we are in the prime position to license our WaferiX technology for such products to third parties.

Entity's growing presence in Australia has provided exposure to the Chinese market, giving us the confidence to explore partnership opportunities for cross-border e-commerce into China for the Entity range.

Financials

During the financial year, we expended some $15.6 million in cash consisting of $7.1 million in R&D (of which some $5.0 million were associated with our Wafermine clinical trial programme), $1.7 million in capital expenditure and $6.8 million in other operating activities including manufacturing, sales & marketing and general & administration.

In the same reporting period, we received $11.4 million in cash from the divestment of our chemical laboratory testing business.

In FY2019, we continued to invest in our product pipeline and incurred $3.8 million in our R&D programmes. The Group successfully formulated our new CBD sublingual wafer and four nutraceutical products to extend the Entity range of products.

We increased sales personnel and stepped up our advertising & marketing activities for Entity Health. At the same time, we grew our manufacturing resources and invested in additional equipment to support expected future growth of demand for our products.

Even as we expanded our manufacturing resources and marketing efforts, general and administrative expenses remained comparable to the previous financial year through our continuous vigilance in cost control.

We closed the year with a cash balance of $15.9 million. With the total liabilities to total assets ratio of around 23% and working capital ratio more than seven times, the balance sheet of the Group remains strong.

Chairman's Statement

■ Entity nutraceuticals are well-received by Australian pharmacies.

Expanding the Pie with WaferiX

As mentioned earlier, there is an explosion of consumer-driven demand for medicinal cannabis globally for various health conditions. iX Biopharma has a unique opportunity to exploit this fast-growing market with our WaferiX technology, by offering a faster onset of action and a more predictable outcome.

WaferiX is additionally recognised as a game changer by drug makers, not just as a superior delivery system, but also for its ability to protect the market share of generic drugs and drugs coming off-patent. Pharmaceutical companies are able to gain an invaluable marketing advantage by transforming drugs which are declining in profitability into premium, novel sublingual wafers, thereby extending the life cycles of these drugs.

For the reasons above, we will continue to expand our product range, increase our brand building programmes and invest in business development to accelerate sales growth and acquire market share.

On behalf of our Board of Directors, I would like to thank our staff and management team in Singapore, Australia, USA, Hong Kong and China for their hard work in executing the Company's mission to produce best-in-class products that offer a better outcome than current market equivalents. It is their zeal and zest that allow us to deliver on our vision and strategy.

I would also like to express my gratitude for my fellow Board members, who have lent the Group their experience, network and skill. The Group has smoothly transitioned and set impactful trajectories for growth due to their support and guidance. Finally, I would like to thank all our shareholders for their continued support and faith in us.

Eddy Lee
Chairman & Chief Executive Officer

WaferiX Technology

iX Biopharma has developed a patented, fast-dissolving wafer formulation, WaferiX. The WaferiX technology consists of a small wafer prepared by our proprietary freeze-drying process. The WaferiX technology provides a simple drug carrier matrix with millions of tiny amorphous holes to house (encapsulate) the active drug molecules.

The wafer is intended to be placed under the tongue, which subsequently dissolves within one minute, releasing the active compounds for rapid absorption into the blood stream. This administration allows faster delivery and reduction in loss of drugs and actives due to hepatic and gastrointestinal metabolism, hence improving their bioavailability. The wafer administration is reported to be tolerable with no after-taste, leaving behind no residue or grittiness under the tongue hence preventing the urge to swallow.

WaferiX Technology

WaferiX is a multiple platform drug carrier technology that can deliver a vast number of drugs and active compounds. The technology is easily adaptable to other approved actives that require a faster delivery or reduction in the loss of drugs due to hepatic and gastrointestinal metabolism.

The Company currently uses the technology for its first registered pharmaceutical product, Wafesil, a new dose form of sildenafil for the treatment of male erectile dysfunction. The Company's principal pain treatment product, Wafermine, which is the world's first sublingual ketamine oral wafer, also utilises the technology. In addition to pharmaceutical drugs, WaferiX is also applied to the Group's consumer healthcare products, including LumeniX, for faster and more effective skin lightening, and WafeRest, for the promotion of sleep.

Products Utilising WaferiX Technology

Wafermine (ketamine)

- For moderate to severe acute pain and major depressive disorder
- Effective alternative and adjunct painkiller to opioids; has opioid-sparing effect
- End-of-Phase-2 (EOP2) meeting scheduled with US FDA in 1Q FY2020 to confirm Phase 3 programme for pain
- Phase 2 – ready for depression

BnoX (buprenorphine)

- For moderate to severe pain
- Safer opioid with less risk of respiratory depression
- Successfully completed Phase 1 pharmacokinetic study

Wafesil (sildenafil)

- New dose form of sildenafil for male erectile dysfunction
- Product registered for sale in Australia (approval granted by the TGA)

Xativa (cannabidiol)

- Novel cannabis wafer
- For potential treatment of anxiety, tremor and chronic inflammation

LumeniX (glutathione)

- Inhibits dark melanin formation to brighten and beautify the skin
- Available for purchase at www.entity-health.com

WafeRest (melatonin)

- Alleviates effects of jet-lag and promotes sleep quality
- Available for purchase at www.entity-health.com

Countries in which we hold patents for WaferiX

Patents granted include China, Canada, South Africa, Japan, South Korea, Australia, New Zealand, Indonesia, Malaysia, Singapore and the European Union (Germany, France, United Kingdom, Italy, Spain, Netherlands, Turkey, Switzerland, Sweden, Poland, Belgium, Austria, Norway, Denmark, Ireland and Finland).

Operations Review

Wafermine is the world's first patented sublingual racemic ketamine wafer for the treatment of acute moderate to severe pain and major depressive disorder.

Dr. Janakan Krishnarajah
Chief Operating Officer

Pharmaceuticals

Wafermine

During the year, in collaboration with pain specialists and our scientific advisors, we developed two Phase 3 clinical study protocols for submission to the United States Food and Drug Administration (US FDA). We are pleased to report that we have secured an End-of-Phase-2 (EOP2) meeting with the US FDA scheduled for late first quarter of financial year (FY) 2020. The EOP2 meeting is to discuss and agree on the proposed Phase 3 programme for moderate to severe acute pain.

As previously reported, we successfully completed our Phase 2b clinical study for Wafermine in patients experiencing acute, moderate to severe post-operative pain. The results confirmed Wafermine is a highly effective painkiller for moderate to severe pain; it is safe and well — tolerated.

In addition to the treatment of pain, Wafermine is Phase 2-ready for major depressive disorder (MDD). In recent decades, racemic ketamine has also proven to be effective for treatment-resistant depression (TRD). Intravenous (IV) ketamine is used off-label to treat depression in the European Union (EU), the US and Australia; and Spravato™, an intranasal esketamine, was recently approved for use in combination with antidepressants for TRD.

While oral antidepressants take weeks to start having an effect, ketamine delivered by Wafermine takes only hours and without the need for IV administration — it's simply placed under the tongue. As well as effectively treating TRD, Wafermine could be used as a bridging initiation therapy in more severe MDD.

Importantly, the Group has now commenced out-licensing activities to identify a suitable partner to continue with the development and registration of Wafermine.

We successfully completed our Phase 2b clinical study on Wafermine in FY2019.

Operations Review

Wafesil

Wafesil is a new dose form of sildenafil delivered using iX Biopharma's proprietary drug delivery technology, WaferiX. Wafesil is the Group's first registered pharmaceutical product after receiving marketing approval by the Therapeutic Goods Administration (TGA) for the treatment of male erectile dysfunction. The Group is currently evaluating opportunities for market launch in Australia in FY2020 through wholesale and retail channels. Wafesil is available in dosage strengths of 25mg and 50mg in pack sizes of four, eight and 12 wafers.

During the year, the Group commenced registration activities for Wafesil's marketing approval in the EU.

Silcap

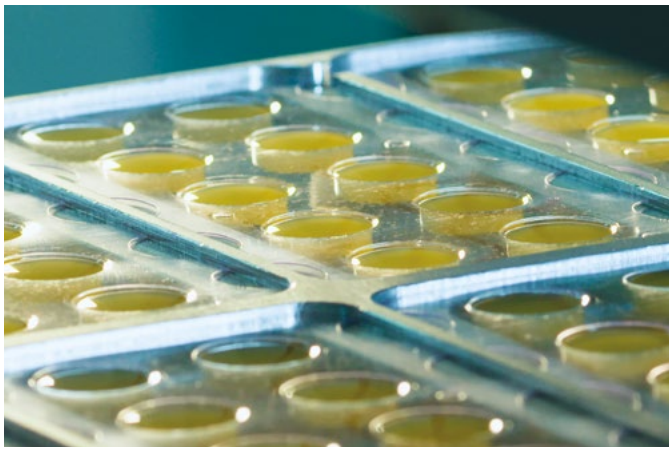
Silcap represents iX Biopharma's second registered pharmaceutical product and delivers sildenafil in a novel small capsule unlike existing sildenafil options in the market which are delivered in tablet form. The Group is currently evaluating opportunities for market launch in Australia in FY2020 through wholesale and retail channels. Silcap is available in dosage strengths of 25mg and 50mg in pack sizes of four, eight and 12 capsules.

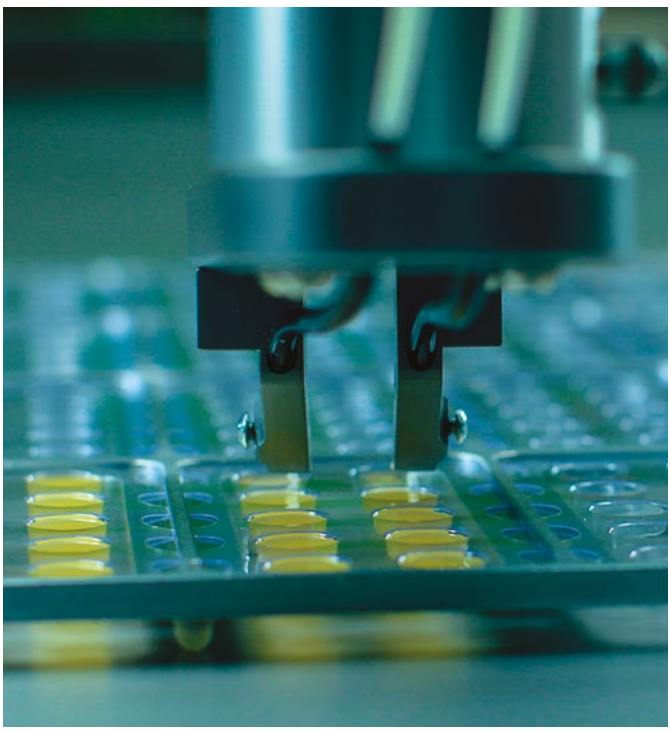
During the year, the Group commenced the registration process with the Health Services Authority for marketing approval in Singapore.

BnoX

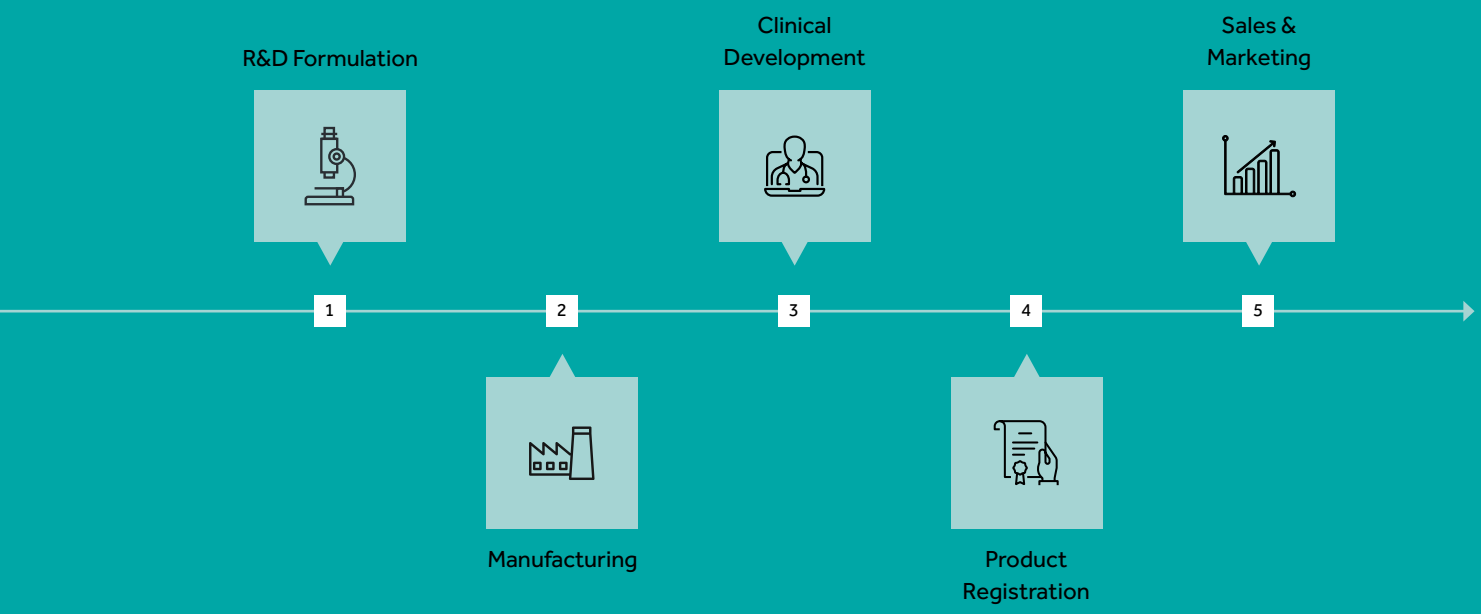
BnoX is a novel sublingual buprenorphine wafer developed for the management of acute and chronic moderate to severe pain. Despite the current opioid crisis, there has been a continuing reliance on opioids to treat moderate to severe pain due to a lack of effective alternatives. As a consequence, there has been increasing recognition and focus on opioids which have a more favourable safety profile, such as buprenorphine.

BnoX is currently being supplied to hospitals in Australia under Schedule 5A of the Therapeutic Goods Regulations (TGR).





Active compounds are combined with matrix forming agents before being transferred to blister pack wells.



Our fully integrated business model

The Group operates a fully integrated business model covering research and development (R&D) formulation, manufacturing, clinical development, product registration and sales and marketing through our wholly-owned subsidiaries:

- iX Biopharma Pty Ltd – pharmaceuticals, R&D and clinical trials
- iX Syrinx Pty Ltd – Good Manufacturing Practice (GMP) manufacturing
- Entity Health group of companies – nutraceuticals

Nutraceuticals

The Group's nutraceuticals division, Entity Health, launched its line of nutraceutical products in FY2018 and is engaged in the development and commercialisation of nutraceutical products that address specific conditions and improve quality of life.

During the year, we expanded our product range in Australia from five to eight products. The new range of products includes the following:

- RestoriX is the first NAD+ supplement in Australia to support energy levels and enhance vitality. NAD+, also known as the "molecule of youth", is targeted at people in their 50's and older who desire to maintain an active lifestyle.
- FortefiX Plus is designed for people with minor inflammatory joint pain who wish to remain physically active.
- MelaniX is well suited to the sun-loving culture of Australia, where the rate of skin cancer is amongst the highest in the world. MelaniX is formulated to protect and repair skin cells from UV damage.

In addition, we launched MomoriX, a new product for the export market. MomoriX is a natural plant-based supplement optimised to support healthy blood glucose levels. By taking MomoriX while maintaining a healthy weight, adopting a healthy diet and regular physical activity, people with pre-diabetes may reduce their risk of developing diabetes.

Operations Review

Our manufacturing facility in Victoria, Australia.

Xativa

There is a general belief that cannabidiol (CBD) products provide tremendous health benefits. This has led to an explosion of interest globally in these products. CBD, a non-intoxicating component extracted from the cannabis plant in oil form, is poorly absorbed by the body when ingested. It is increasingly recognised, particularly in leading countries of cannabis use like the US, that sublingual delivery of CBD is the most optimal route of administration based on both effectiveness and practicality.

During the year, the Group successfully formulated Xativa, a CBD medicinal cannabis wafer utilising the WaferiX sublingual technology.

Xativa is being evaluated for the potential treatment of various conditions, including anxiety, tremor and chronic inflammation.

The wafers are produced using a proprietary freeze-drying method.

Manufacturing

The Group's TGA certified GMP manufacturing facility in Victoria, Australia continues to establish itself as one of the leading GMP manufacturing facilities in the country.

Our capabilities include the formulation, manufacturing and packaging of various dosage forms, such as freeze-dried wafers, capsules, tablets and creams. In addition, we have unique expertise and capabilities in the freeze-drying of solid dosage forms based on the Group's proprietary technology, WaferiX.

During the year, we upscaled our manufacturing capacity to include a higher capacity encapsulation machine. A blister packaging machine was also purchased to broaden our packaging options for capsule products.

In addition, we purchased a customised high capacity freeze-dryer to increase our manufacturing capacity of sublingual wafers. We expect this to be commissioned and operational by the second half of FY2020.

The increased freeze-drying capacity will support the expansion of sublingual wafer products in the following areas:

- Pharmaceuticals
  Preparing for the commercial launch of Wafesil and increasing supply of Wafermine and BnoX under Schedule 5A of TGR in Australia.

- Nutraceuticals
  Meeting increasing demand for Entity products, particularly LumeniX, as the number of retail stockists in Australia grows and other market opportunities are evaluated.

- Off-take agreements
  The Group is exploring opportunities to enter into off-take agreements for Xativa.

Business Strategy

Science and innovation remain at the heart of our long-term strategy, which is to develop best-in-class pharmaceutical medicines and nutraceutical products that offer better outcomes. As we implement our strategy, we have identified key priorities in the areas of partnerships, market emphasis, brand positioning and innovation. We expect these strategies to drive sustainable growth, create value for the people we serve and for our shareholders.

Utilise WaferiX to develop novel products

The Group's background is in innovation, driven by its patented sublingual delivery technology, WaferiX. The WaferiX technology is a broadly applicable and highly versatile platform. It consists of a rapidly disintegrating, fast-dissolving sublingual wafer designed to increase bioavailability and absorption of actives through the blood vessels under the tongue, to provide faster relief and predictable and consistent dosing. In addition to patient and user benefits, we believe that WaferiX has the ability to create market differentiation in response to expiring patents, generic encroachment, and declining new drug pipeline.

The Group continuously evaluates the development of novel products utilising WaferiX in both pharmaceutical and nutraceutical business segments. We invest in research and development (R&D) after careful evaluation of the benefit and the prospects for success. Having fully integrated operations means that our R&D team is able to work closely with our manufacturing and quality teams to formulate and develop wafers that are optimised for each active compound, and with regulatory teams to ensure compliance with laws and regulations in the markets we operate in.

Xativa, cannabis wafer

During the year, we expanded our product portfolio with Xativa, a sublingual cannabidiol (CBD) wafer. CBD is one of the non-intoxicating primary components of the cannabis plant.

In recent years, there has been a surge of demand and public support for the liberalisation of cannabis use. Many countries including the United States (US), Australia and in Europe have legalised cannabis for medicinal and in some cases recreational use. The increasing acceptance has led to an exponential growth of CBD usage for the treatment of certain conditions. CBD is now also added to food, beverages, health supplements and even cosmetics. In the US alone, BDS Analytics estimates that the total market size could grow from US$1.9 billion in 2018 to US$20 billion by 2024.

We believe that Xativa has a unique market position and value proposition, in that it is delivered using a novel, robust proprietary delivery platform that has been validated for registered pharmaceutical drugs like Wafesil. WaferiX could be of particular benefit to patients using cannabis who require faster symptomatic relief. It also allows CBD to be administered in a fixed dose.

In order to participate in the phenomenal growth of the market for CBD products, we intend to launch and supply Xativa in the second half of financial year 2020 through the Special Access Scheme in Australia and potentially through various export markets.

Please see "Product Portfolio – Xativa, the next frontier for growth" section on pages 20 and 21 for more information.

In addition to our portfolio of WaferiX-based products, the Group also continually researches into effective, scientifically-backed formulations for its Entity line of nutraceuticals that will enhance consumer health outcomes. These new products contain unique formulations that improve on existing solutions in the market and are brought to market after extensive research and consumer testing. During the year, Entity introduced three new products to the range sold in Australia. As a mark of their quality and safety, each of these products are listed on the Australian Register of Therapeutic Goods.

Business Strategy

WaferiX can be used to make novel products that are well-differentiated from existing offerings and extend the life cycle of off-patent products.

Eva Tan
Director of Corporate & Commercial Strategy

Collaborate with third parties to expand reach and maximise value

With the successful completion of the Phase 2 study on the Group's lead drug candidate Wafermine, a sublingual ketamine wafer, the development programme for Wafermine is advancing towards Phase 3 pivotal studies.

The Group is now ready to out-license Wafermine to a suitable third party to further develop and commercialise the product. This will unlock the value of Wafermine for the Group. In line with the strategy, we have engaged a financial and strategic adviser to guide the out-licensing activities for Wafermine.

We believe that Wafermine holds enormous commercial potential given its ability to address two significant areas of medical need — acute moderate to severe pain and major depressive disorder (MDD). Wafermine is Phase 3-ready for pain and Phase 2-ready for MDD.

Annually, approximately 57 million patients in the major markets of US, United Kingdom, Germany, Spain, France, Italy (EU5) and Japan receive opioids after surgery. According to the US Department of Health and Human Services, opioid overdoses accounted for more than 47,000 deaths and an estimated 36% of opioid overdose deaths involved a prescription opioid in 2017. These statistics indicate the severity of the opioid crisis in the US and speak to the timeliness and value proposition of Wafermine. It has the potential to be used as a substitute or as an adjunct to opioids to lower the dose of opioids prescribed to a patient due to its opioid sparing effect. Crucially, unlike misuse or overdose of opioids which could lead to respiratory depression and death, ketamine is not likely to affect the respiratory system and is therefore a much safer option for patients to manage their pain.

Wafermine's potential as a treatment for MDD is underscored by the rising patient population of more than 300 million people suffering from depression. Intravenous (IV) ketamine has been in off-label use in clinics in the US, Europe and Australia to treat MDD since the discovery in 2006 by Yale University scientists of its rapid efficacy, within hours, on patients suffering from depression.

Wafermine is also bolstered by recent developments: in March 2019, the US Food and Drug Administration approved Spravato™, an intranasally administered esketamine, for the treatment of treatment resistant depression — the first new drug in decades for depression, working by targeting the NMDA receptor.

Furthermore, Wafermine carries low commercial and development risk for potential partners. By combining the patented WaferiX platform with an existing approved compound (in this case, racemic ketamine), the Group can utilise an expedited regulatory pathway to gain approval for the drug. This results in a less expensive route and approval in a shorter time compared with a traditional development path, while creating a new, differentiated product with tremendous commercial value.

Please see "Product Portfolio – Wafermine at a glance" section on pages 18 and 19 for more information.

In June 2019, the Company participated in BIO USA in Philadelphia, which hosts one of the largest business partnering events for the biotechnology industry.

Behind the strategy: Out-licensing

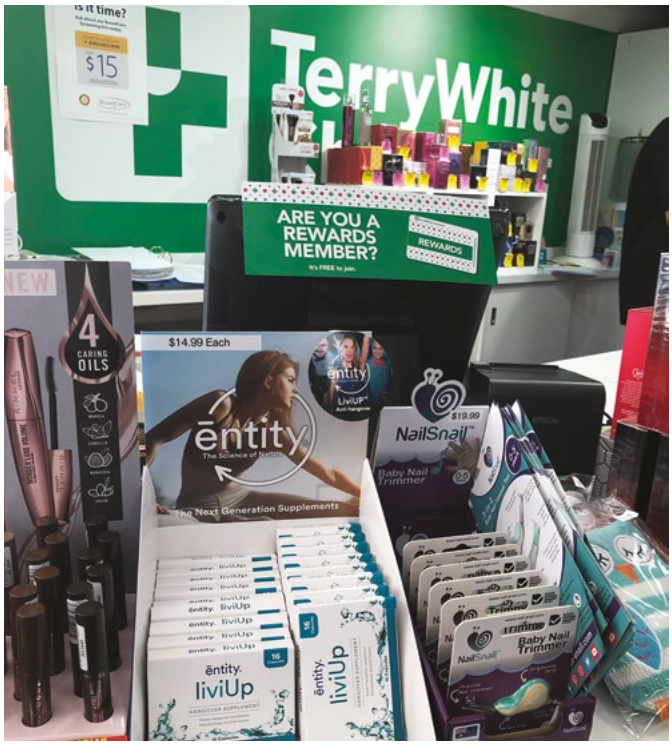
Collaborations and partnering can provide us with the opportunity to leverage on the expertise of our licensing partners, share the financial risks involved in drug development and commercialisation of our products and allow us to allocate more resources to other value-driven programmes.

Licensing is an established model in the biopharmaceutical industry where parties to the deal agree to commercialise a drug or technology. Specifically, licensing is the granting of permission to use intellectual property rights, such as trademarks, patents, or technology, under defined conditions.

There are several forms of licensing. Parties may collaborate on the R&D of a drug or technology, resulting in a product which can be commercialised. In this situation, the licensing agreement governs who has permission to commercialise and what payments are due should commercialisation proceed.

The structure of a licensing deal and its deal terms would be determined with reference to the value of the drug in question. Typically, the terms may include:

- Upfront payments, which are payable upon contracting;
- Direct R&D funding;
- Development milestone payments, which are payable upon reaching R&D milestones such as successful completion of Phase 3 programme, approval of drug and commercial launch;
- Sales milestone payments contingent on reaching revenue targets; and
- Royalties, which could be tiered or a fixed percentage of sales.



Entity is sold in 178 pharmacies and health food stores in Australia.

Australian-made health products are seen by consumers as the gold standard in quality and safety. As we continue to build Entity as a premium brand in Australia, this positioning will enable us to springboard the range into the export market, particularly into China.

Desiree Chua

Senior Manager, Business Development

Leverage on "Made in Australia" branding

The Group's pharmaceutical and nutraceutical products are developed and formulated by Australian scientists and manufactured in our Therapeutic Goods Administration (TGA) approved, current Good Manufacturing Practice (cGMP) compliant research and development and manufacturing facility located in Victoria, Australia. Australia has a population of 24.7 million people and a burgeoning healthcare industry, known for brands that produce among the best quality health products in the world, manufactured to some of the highest standards based on stringent regulations maintained by TGA. For these reasons, our emphasis on the Australian market is central to our strategy for growth.

The Group's nutraceuticals line, Entity, is focused on penetrating the Australian market to establish itself as a homegrown Australian health supplements brand. To achieve our objective, we are seeking to establish Entity's presence in retail pharmacies and health food stores across Australia. Entity nutraceuticals are now sold in 178 pharmacies in Melbourne, Sydney and Perth, including in TerryWhite Chemmart and Priceline pharmacies and other health food shops.

We believe that driving recognition of Entity as an Australian brand not only allows us to leverage on the credence given to Australian health supplement companies, it also allows us to build exposure of our brand to the Asia Pacific region through tourists, student visitors and foreign residents.

Notably, Chinese appetite for Australian-made health supplements has been overwhelming: in 2018, Australia accounted for 22% of all supplements and health foods imported into China, taking the top spot from the US, which had 20% share of the market. According to data from the China Chamber of Commerce for Import and Export of Medicines and Health Products, Australian health product imports recorded growth of 61% year-on-year to US$660 million.

The Group intends to leverage Entity's foundation as a premium and innovative Australian brand to be a springboard for its entry into China, selling to Chinese consumers via cross-border e-commerce. To this end, we are exploring partnership opportunities with local Chinese healthcare distributors to market our products.

Secure brand positioning for Entity nutraceuticals

Consumers of Entity products can experience visible and perceptible change to their conditions, and consequently derive a tangible improvement to their quality of life. We are working to secure this brand positioning for Entity to strengthen its position as a premium, next-generation brand of nutraceuticals.

A strong brand strategy will articulate the value that Entity brings to consumers, grow its market share and lay the foundations for it to become a trusted leader in preventative and regenerative healthcare.

As part of this strategy, we are developing market testing programmes to generate authentic consumer testimonials and a product branding message for RestoriX, an NAD+ supplement, as our flagship product in Australia. Being the first NAD+ product for energy, vitality and DNA repair to be mass marketed in Australia, Entity will educate the consumer market about the breakthrough science of NAD+ and how supplementing NAD+ will extend quality of life as we age. These messages, which are a mix of home tester reviews and education pieces, will be propagated through mass, digital and social media.

- We promoted Entity as an Australian-made brand at Consumer and trade shows and on social media.

Product Portfolio - Pharmaceuticals

Male Erectile Dysfunction

Wafesil

Wafesil achieved a significant milestone for the Company, becoming iX Biopharma's first registered pharmaceutical product. Wafesil received marketing approval by the Therapeutic Goods Administration (TGA) in June 2018 and is now registered for the treatment of male erectile dysfunction in Australia.

Wafesil is a new dose form of sildenafil delivered using iX Biopharma's proprietary drug delivery technology, WaferiX, which consists of a fast-dissolving wafer placed sublingually, allowing sildenafil to be administered safely, conveniently and rapidly into the blood stream. Wafesil is the Group's first pharmaceutical product utilising WaferiX to reach approval and registration, thereby validating our proprietary drug delivery technology. Wafesil is also the first sublingual sildenafil wafer product to receive regulatory approval globally. Male erectile dysfunction is a common condition with approximately 20% of Australian men greater than 40 years of age suffering from it. The risk increases with age and with those having pre-existing cardiovascular disease. An estimated 1 million Australians currently suffer from erectile dysfunction with this number expected to increase significantly over time. Wafesil now provides physicians a novel and exciting therapeutic option to treat this growing problem.

Wafesil is available in dosage strengths of 25mg and 50mg in pack sizes of four, eight and 12 wafers and is being supplied to the market via pharmacy channels.

Silcap

Silcap received regulatory marketing approval by the TGA in July 2018 and is registered for use for the treatment of male erectile dysfunction in Australia. Silcap is iX Biopharma's second registered pharmaceutical product and complements our novel sildenafil product, Wafesil, by providing an alternative option to generic versions of Viagra® in the market.

Silcap is delivered in a novel, small capsule unlike existing sildenafil products in the market which are delivered in tablet form. Silcap will appeal to patients who prefer to swallow capsules or are unable to swallow tablets and has the potential advantage of faster disintegration in the stomach over tablets.

Silcap is available in dosage strengths of 25mg and 50mg in pack sizes of four, eight and 12 capsules and is being supplied to the market via pharmacy channels.

Moderate to Severe Pain

BnoX

BnoX, our latest product developed for pain management, is a sublingual buprenorphine wafer formulated for the treatment of moderate to severe pain. With the spotlight currently on the global opioid epidemic, there is now an increasing recognition that buprenorphine can be a critical and emerging compound for pain management.

Buprenorphine has been shown to provide longer-lasting pain relief with fewer side effects compared to other opioids. It also exhibits a ceiling effect – higher doses do not result in unwanted additional opioid effects, including euphoria and respiratory depression. Patients are therefore less likely to develop addiction and tolerance, while the risk of death is also greatly reduced.

Buprenorphine is known for its poor bioavailability (reported to be 10% or less) when ingested orally. Using our WaferiX technology, we have demonstrated in a Phase 1 Pharmacokinetic study (BUP001) that BnoX facilitates more rapid and greater absorption of buprenorphine than the currently marketed sublingual buprenorphine tablet, Temgesic®. The results of BUP001 were published in the prestigious American medical journal, Pain Medicine, in January 2018.

BnoX is currently being supplied to hospitals in Australia under Schedule 5A of the Therapeutic Goods Regulations (TGR).

Wafermine
at a glance

What it is: World's first sublingual ketamine for the treatment of acute moderate to severe pain

Active compound: Racemic ketamine, currently approved as anaesthetic, in IV injection form

Target patient population market: Patients requiring pain management following surgical operations, painful procedures (e.g. burn dressing changes) and in the emergency department

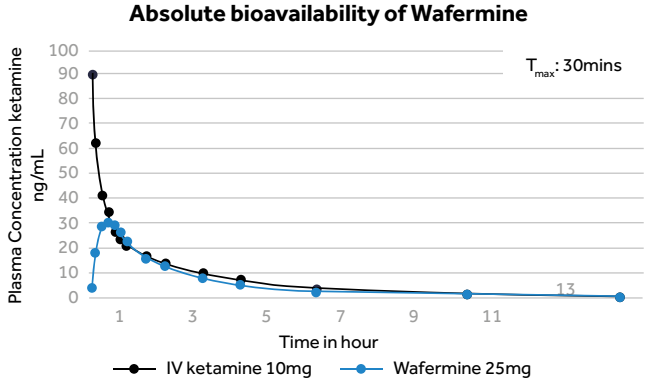
Regulatory pathway: US FDA 505(b)(2) expedited pathway

Clinical development status: End-of-Phase-2 (EOP2) meeting scheduled with the US FDA in first quarter of FY2020

Patents: 54 patents granted, 15 patents pending

Improved pharmacokinetics

- Increased bioavailability over oral dosing (sublingual 30% vs oral 15%)
- More predictable absorption over oral and intranasal dosing (especially if multiple sprays are required)
- Rapid detection of ketamine in blood within 3 minutes
- Avoids excessively high peak plasma concentrations compared to IV bolus dosing



Phase 2b clinical study results

A Phase 2b, multiple-dose study of the efficacy and safety of Wafermine in participants experiencing acute post-operative bunionectomy or abdominoplasty pain

Study Overview

- Randomised, double-blind, placebo controlled trial. 125 subjects enrolled. Conducted in the US
- Two pain models evaluated: soft-tissue (abdominoplasty n=40), bony tissue (bunionectomy n=85)
- Primary efficacy measure: SPID12, multiple doses administered over 12 hours
- Bunionectomy cohort: Wafermine 50mg vs Wafermine 75mg vs Placebo (1:1:1)
- Abdominoplasty cohort: Wafermine 25mg vs Wafermine 50mg vs Wafermine 75mg vs Placebo (1:1:1:1)

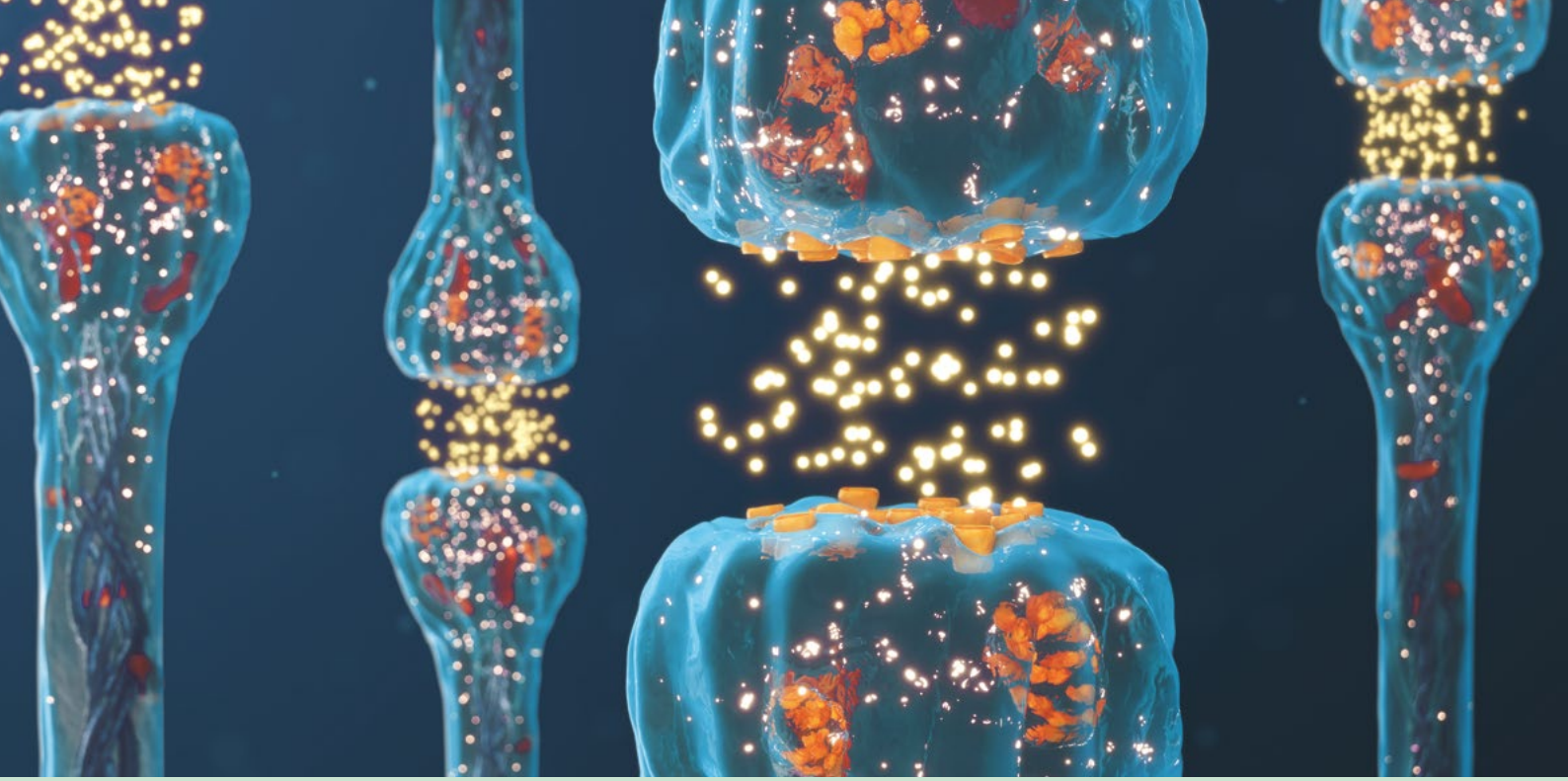
Results

Strong analgesic efficacy, safe and well-tolerated

In the 75mg group (combined bunionectomy and abdominoplasty)

- Standardised effect size (SES) 0.65
- P value <0.01

Highly efficacious in two acute, post-operative pain models



Factors creating demand and relevance

Opioid crisis

What is it: Public health crisis declared by the United States (US) relating to increases in opioid misuse and related overdoses.

- Overdoses involving opioids killed more than 47,000 people in 2017, and 36% of those deaths involved prescription opioids.
- Roughly 21 to 29 percent of patients prescribed opioids for chronic pain misuse them.
- About 80 percent of people who use heroin first misused prescription opioids.

What are opioids: Drugs that bind to opioid receptors in the body. They include prescription painkillers like oxycodone, hydrocodone, fentanyl, codeine and morphine.

The problem with opioids: Opioids carry serious risks of addiction and overdose, especially with prolonged use. An opioid overdose can cause life threatening respiratory depression and breathing difficulties often marked by slowed breathing, and can cause sudden death. This can occur at any time during opioid use, and at any dose. Furthermore some individuals may be allergic to opioids.

How Wafermine helps

- Non-opioid, NMDA receptor antagonist
- Strong and highly efficacious analgesic, comparable efficacy to opioids
- Can be used as a substitute or as an adjunct to opioids
- Has opioid sparing effects so it can be used to lower dose of opioids needed
- Safer than opioids as it does not affect respiratory system; misuse and overdose unlikely to lead to death

Other uses of Wafermine: Treatment of major depressive disorder (MDD)

Clinical development status: Phase 2-ready

Factors creating demand and relevance

Significant medical need:

- More than 300 million people suffer from depression globally
- The problem with existing SSRI and SNRI drugs: slow onset (6-8 weeks), unpleasant side-effects, poor compliance and limited effectiveness in some

NMDA is the new therapeutic target for depression:

- Current off-label use of IV racemic ketamine in clinics in US, United Kingdom and Australia to treat treatment resistant depression
- American Psychiatric Association issued recommendations on IV racemic ketamine to give guidance on treatment dosage in 2017
- Spravato™ (intranasal esketamine) was approved by the US FDA in March 2019. Analysts sales forecast: US$2.3 billion by 2024

How Wafermine helps

- Potential for rapid and sustained antidepressant effects
- Significant therapeutic value in managing patients with suicidal thoughts
- Convenient sublingual administration

Xativa, the next frontier for growth

What it is: A novel sublingual wafer containing cannabidiol (CBD) and other beneficial cannabinoids and compounds found in full spectrum cannabis extracts

What is CBD: CBD is one of the primary compounds found in the cannabis plant

CBD has no intoxicating properties. The other major compound in cannabis plants is tetrahydrocannabinol (THC), which is the compound that provides users with a "high". The active ingredients in cannabis directly interact with a complex network of receptors (primarily CB1 and CB2) in the human body called the endocannabinoid system (ECS). The ECS is involved in many of the body's general functions. These functions all contribute to homeostasis which is a stability of the body's internal environment.

To date, the United States Food and Drug Administration (US FDA) has approved one drug containing CBD, Epidiolex®, for previously uncontrollable seizures in children. Sativex®, another cannabis-based medicine, has been licenced in countries including United Kingdom (UK) and Australia for the treatment of painful muscle spasms caused by multiple sclerosis.

Following a surge of demand and public support in recent years, much of US, Europe and many other countries have legalised cannabis for medicinal and in some cases recreational use. In Australia, patients can obtain medicinal cannabis through the Authorised Prescriber scheme and Special Access Scheme administered by the Therapeutic Good Administration (TGA) of Australia.

Potential indications: Promising research suggests that CBD can help with chronic pain, certain inflammatory and motor diseases, appetite, anxiety and inflammatory bowel disease, among others.

CBD delivery methods: CBD is known to have poor oral bioavailability. As a result, cannabis companies in the US have been quick to introduce new methods of delivery, focusing on sublingual delivery methods as it is effective, discreet and easy to use.

Existing methods of delivering cannabis

- Vaping devices

- Cigarettes/ joints

- Oil tinctures and drops

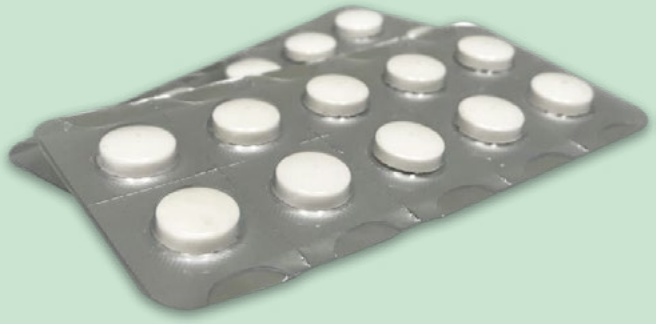
- Capsules

- Edibles like gummies, mints, foods, beverages

- Topicals like lotions, creams, salves

The rise of sublingual cannabis products

The premise of taking cannabis sublingually is a faster onset of action and higher bioavailability. As more consumers seek out sublingual products, companies have been quick to launch products such as oral films, tablets and tinctures with instructions to use them sublingually, even though many of these products are not optimised for sublingual delivery.



The Xativa Revolution

Xativa represents the world's first sublingual wafer containing CBD and cannabinoids, formulated with WaferiX to provide a more elegant and convenient way to administer CBD, giving users a better experience.

The WaferiX sublingual delivery technology is a validated, patented formulation produced by our proprietary freeze-drying technique. The porous and amorphous WaferiX matrix holding the active CBD is designed to rapidly collapse and release the CBD nanoparticles within a minute of being in contact with saliva in the sublingual space. CBD is then rapidly transported across the sublingual membrane into the blood vessels for a rapid onset of action.

Please see "WaferiX Technology" section on pages 7 and 8 for more information.

The benefits of CBD delivered using the WaferiX technology are:

- Disintegration within a minute
- Fast absorption; rapid onset of action
- Improved bioavailability of CBD
- Predictable absorption
- Fixed dosage

Xativa can be used to address multiple conditions and supplement the diet.

Proven delivery with WaferiX

Xativa is currently being evaluated for use in the treatment of anxiety, tremor and chronic inflammatory conditions.

iX Biopharma licensed its patented WaferiX technology to develop a novel CBD ECs315 sublingual wafer to Bod Australian Limited (Bod). ECs315 is a cannabis phytocomplex extract.

Bod conducted a Phase 1 clinical study in Australia with 24 healthy individuals. The study compared the relative absorption of the novel CBD ECs315 wafer to:

- ECs315 oil extract administered sublingually; and
- Sativex®, an oromucousal cannabis spray (UK and Australia approved).

The results demonstrated that CBD ECs315 sublingual wafer has superior absorption:

- it is more predictably absorbed;
- it is absorbed faster than ECs315 oil by 1.5 hour; and
- it has greater absorption by 40% compared to the Sativex® spray.

Product Portfolio - Selected Nutraceuticals

Energy & Vitality

MetaboliX & RestoriX

- Contains nicotinamide, a precursor of NAD+, the molecule of youth
- Boosts energy production, repairs cells and combats aging
- Also available as MetaboliX Plus which has the added benefit of relieving bone and joint inflammation

Blood Sugar Control

MomoriX

- Contains curcumin, gymnema leaf extract and momordica dry fruit to support healthy blood sugar levels
- Promotes glucose utilisation and improves insulin secretion

Lifestyle

LiviUp

- Contains dihydromyricetin to enhance alcohol metabolism and detoxification of the liver
- Reduces facial flushing and symptoms of hangover such as headache and nausea after drinking alcohol

RevitaliX

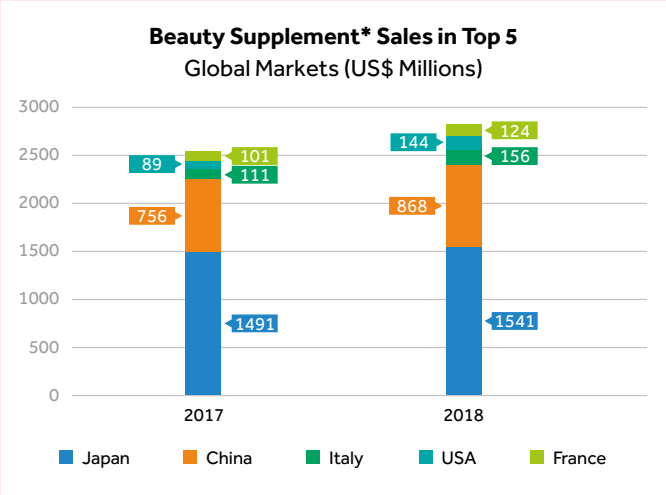
- Contains a powerful combination of red and black maca, known as the Peruvian ginseng
- Promotes relaxation, reduces stress and anxiety

LumeniX
at a glance

Beyond Medicine: Utilising WaferiX for Skin Health & Beauty

Beauty is no longer skin deep. Increasingly, consumers are turning to beauty supplements to improve their skin from the inside out.

Beauty supplement sales grew from US$2.55 billion in 2017 to US$2.83 billion in 2018 for the top 5 markets: Japan, China, Italy, the United States (US) and France. China is the second biggest market globally, with total sales amounting to US$868 million in 2018.



**Euromonitor defines beauty supplements as "all dietary supplements with marketing messages of anti-aging, anti-cellulite, hair health, nail health, skin health and skin whitening."*

Based on data from Tmall Global in 2018, oral skin lightening products accounted for 30% of sales of the best-selling beauty supplements.

Introducing LumeniX, a revolutionary skin lightening wafer

- Delivers glutathione sublingually as it has low oral bioavailability
- Inhibits dark melanin pigmentation, lightens and evens skin tone, and repairs skin cells damaged by free radicals
- Master antioxidant for general health & immunity

Benefits:

When taken as recommended, consumers can expect the following benefits:

- Brighter, fairer skin
- Even skin tone
- Improved immunity

Survey results*

67%	said their skin became fairer
67%	said they would recommend LumeniX to others
92%	said they will include LumeniX as part of their daily beauty routine
83%	said the rate of absorption under the tongue was good

* source: independent survey of 12 LumeniX users, conducted in May 2019

How does glutathione work?

Glutathione is a master antioxidant produced naturally by the body. Lower glutathione levels are associated with poor health and ageing and certain health conditions like cancer, eczema, diabetes and weakened immune systems.

As glutathione converts dark pigmentation into lighter pigmentation, the face and body becomes brighter and more luminous after regular supplementation. Equally important is its ability to fight free radical damage in cells caused by everyday stressors such as poor diet, stress, pollution and infection. It boosts the immune system and detoxifies the body.

Overcoming challenges of delivering glutathione

However, glutathione has very poor oral bioavailability. One clinical study (from the Journal of Alternative Complementary Medicine, 2011) showed that taking 500mg orally twice a day for a month did not raise the blood levels of glutathione in healthy individuals. Consequently, people seeking to lighten their skin have resorted to glutathione intravenous (IV) drips.

LumeniX utilises the WaferiX technology to offer a safe, convenient and effective alternative to IV drips.

Features include:

- Rapidly dissolves under the tongue
- Improves glutathione absorption
- Can be taken conveniently on-the-go outside of the clinical setting

Financial Review

During the financial year ended 30 June 2019 (FY2019), we achieved a number of milestones, including:

- Scheduled End-of-Phase-2 (EOP2) meeting with the United States Food and Drug Administration (US FDA) in first quarter (1Q) FY2020
- Continued expansion of our Entity distribution network from 25 to 178 retail stores
- Upscaled manufacturing capacity
- Licensed WaferiX technology to a third party for the development of a novel cannabidiol (CBD) wafer

In the same period, we took a strategic decision to divest the Group's chemical testing laboratory, Chemical Analysis Pty Ltd (CAPL). As a result, the Group recognised a net gain on disposal of approximately $10.3 million.

Continuing Operations

Continuing Operations comprise the Group's specialty pharmaceutical and nutraceutical businesses.

Revenue

	FY2019 $'000	FY2018 $'000	%
Specialty Pharmaceutical	393	90	337%
Nutraceuticals	278	156	78%
Total revenue	**671**	**246**	**173%**

During the year, we undertook development work for ASX-listed Bod Australia Limited (Bod), where we developed a medicinal cannabis product based on our WaferiX technology incorporating cannabis extract provided by Bod. The product was successfully developed and delivered to Bod for their Phase 1 clinical study. Although the income earned was a modest $0.28 million for the specialty pharmaceutical division, the project generated significant interest from other parties interested in licensing WaferiX, particularly for the development of cannabis products.

The revenue attributed to the nutraceuticals division, Entity Health, grew by 78% to $0.28 million ($0.16 million in FY2018). We have increased the number of products for sale in Australia from five to eight. The products have been well received in Australia with the number of retail stockists increasing from 25 to 178 at the time of this report.

The Group's cost of sales in FY2019 was $1.20 million as compared to $0.49 million in FY2018. The cost of sales also includes manufacturing cost, which consists of personnel, material and other fixed overheads. The higher cost was in line with the Group's plan to upscale its manufacturing capacity for expected future growth.

Other income - Research and Development (R&D) Incentive

We conduct our R&D activities through our wholly-owned subsidiaries in Australia and have been eligible for R&D tax incentive under a programme administered jointly by the Australian Taxation Office and Innovation Australia. This incentive provides a rate of 43.5% refundable tax rebate for eligible R&D expenditure incurred in Australia by these subsidiaries.

During the year, we reviewed the eligibility of certain R&D expenditure incurred in the prior year for R&D incentive and revised our estimate of the related incentive accrued previously. A lower R&D incentive of $0.46 million was recognised as compared to $0.85 million for the prior year (after adjusting for an estimated revision of $0.25 million) due to lower levels of eligible R&D activities.

In FY2019, we built up our capabilities and capacity to deliver greater value to our stakeholders.

Chew Sien Lup
Chief Financial Officer

Expenses

Research & Development (R&D)
In order to maintain a sustainable product pipeline, we undertake R&D activities in product development, including formulation and manufacturing for clinical trials.

Following the positive outcome of the KET010 Phase 2b clinical study of Wafermine, we began preparation for the EOP2 meeting with the US FDA to determine the Phase 3 programme. The EOP2 meeting is scheduled to take place in late 1Q FY2020.

Following the divestment of CAPL, we re-established a R&D chemical testing laboratory within iX Syrinx Pty Ltd consisting of three analytical chemists retained from CAPL. The laboratory became fully operational during the last quarter of the financial year and will perform chemical testing of raw materials and finished products to support R&D activities for our specialty pharmaceutical and nutraceutical businesses.

R&D expense was $3.77 million as compared to $8.03 million in FY2018. The decrease was mainly due to the timing and progress of the KET010 clinical study which was completed in the early part of FY2019.

Sales and Marketing
Early this financial year, we identified Australia as the market of focus for our Entity products. We increased our sales and marketing expenses from $1.69 million in FY2018 to $2.02 million in FY2019 principally to expand our sales force and conduct marketing in Australia.

We introduced Entity products in Australia in late FY2018. Since then we have utilised the data and feedback regarding the acceptance of our products in the marketplace to optimise our production capacity and improve logistics to meet demand.

During the year, we focused on increasing the number of stockists distributing Entity nutraceuticals. These stockists grew from 25 to 178 at the time of this report. Additionally, we increased our support to stockists by participating in in-store promotions and marketing of our popular lifestyle products.

General and Administrative (G&A) and Others
Despite an increase in our activities, we continued to be vigilant in our expenses and held our G&A expenses at $5.82 million, a level comparable to that in FY2018 which was $5.70 million.

Other expenses consist solely of currency exchange gain/loss. This year, we observed a very volatile environment in currency exchanges, particularly in Australian and US dollars. The depreciation of the Australian dollar against the Singapore dollar during the year impacted our cash holding and the receivables from our subsidiaries and led to a loss of $1.66 million this financial year as compared to $1.09 million in FY2018.

Discontinued Operation

Discontinued Operation comprises the laboratory testing business under CAPL.

On 18 March 2019, the Company announced that it had disposed of CAPL, which operated our laboratory testing business in Australia. During the year, we received an unsolicited cash offer of A$12.5 million from Eurofins Australia New Zealand Holding Pty Ltd. In evaluating the offer, we considered the need to prioritise our core business, which is the development and commercialisation of innovative therapies through our pharmaceutical and nutraceutical businesses, to address areas of unmet health needs. The offer came at an opportune time as we anticipated that we would need funding to develop our core businesses, including pursuing the out-licensing of Wafermine and the sales and marketing of Entity nutraceuticals.

Further, the laboratory testing business was a non-core business which is facing increasing competition in Australia. As such, we determined that the disposal of CAPL would be in the interest of our shareholders.

Following the divestment, we decided to account and report all laboratory testing activities of CAPL prior to its disposal as part of discontinued operation in the current financial year.

After accounting for certain adjustments to the gross consideration in accordance with the sale and purchase agreement, the Group recognised a net gain on disposal of $10.35 million in the income statement.

Financial Review

Financial Position

The consolidated balance sheet of the Group as at 30 June 2019 does not include the assets and liabilities of the disposed laboratory testing business under CAPL.

The effect of the disposal on the changes in the financial positions of the Group are as follows:

	The Group		Changes	Effect of CAPL	Net Changes
	30.06.19	30.06.18			
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	15,872	21,066	(5,194)	104	(5,090)
Trade and other assets	1,868	2,519	(651)	803	152
Inventories	850	528	322	-	322
Intangible assets	460	865	(405)	538	133
Property, plant and equipment	7,636	8,096	(460)	1,205	745
Total Assets	**26,686**	**33,074**	**(6,388)**	**2,650**	**(3,738)**
Trade and other liabilities	2,352	7,015	(4,663)	1,140	(3,523)
Borrowings	3,831	4,539	(708)	374	(334)
Total Liabilities	**6,183**	**11,554**	**(5,371)**	**1,514**	**(3,857)**
Net Assets	**20,503**	**21,520**	**(1,017)**	**1,136**	**119**

Except for the effect of the disposal above, significant changes in the financial positions of the Group are as follows:

As at 30 June 2019, our cash and cash equivalents were $15.87 million. The decrease of $5.09 million was principally due to $14.10 million in cash outflows in operating activities, $1.69 million for purchase of equipment (substantially for manufacturing) and offset by $11.43 million received from the divestment of laboratory testing business.

Increase in inventories of $0.32 million comprised raw materials of $0.17 million, work in progress of $0.07 million and finished goods of $0.08 million, principally related to our new nutraceutical products.

Increase in property, plant and equipment was attributed to $1.69 million in new manufacturing equipment and offset by depreciation of $0.62 million.

Trade and other liabilities decreased to $2.35 million substantially due to the cost of the KET010 clinical trial undertaken during the last quarter of FY2018.

Borrowings decreased to $3.83 million mainly due to repayment during the year.

Cash Flow

During FY2019, the Group recorded net cash used in operating activities of $13.90 million as compared to $8.36 million in FY2018, which was mainly due to the timing and progress of the KET010 clinical trial and sales & marketing activities in relation to our nutraceutical products.

The Group received $11.43 million in cash proceeds from the divestment of CAPL and invested $1.69 million principally in new freeze-drying manufacturing equipment.

Net cash used in financing activities of $1.58 million in FY2019 was due to the repayment of borrowings and interest of $0.81 million offset by release of $0.40 million cash previously pledged with a bank. Following the divestment of CAPL, we restructured the credit facilities of our Australian operation and pledged $1.16 million in fixed bank deposits as collateral.

Board of Directors

From left to right : **Low Weng Keong, Albert Ho Shing Tung, Claudia Teo Kwee Yee, Eddy Lee Yip Hang**

Board of Directors

Eddy Lee Yip Hang
Chairman and Chief Executive Officer

Eddy Lee was appointed as Chairman of the Board on 17 January 2008 and is a member of the Nominating Committee. As the Group Chairman and CEO, he is responsible for the development and execution of the Group's strategic vision and expansion plans. Mr. Lee possesses more than 25 years of international business experience, having worked as Senior Vice President at the Resorts World (Genting Group) in Malaysia, Chief Executive of CDL Hotels International Limited (Hong Leong Group) in Hong Kong, President & Chief Executive of Star Cruises PLC (Genting Group) in Singapore and more recently, as Managing Director & Chief Executive of Amcom Telecommunications Limited in Australia.

Mr. Lee is highly regarded as a professional start-up specialist with a very impressive track record in developing companies that have experienced outstanding brand recognition and tremendous growth. He was involved in the successful start-ups of the Burswood Resort Hotel in Perth and Star Cruises PLC in Singapore, and is perhaps best known for successfully introducing, developing and transforming the cruise industry in Asia into a multi-million dollar business today.

Mr. Lee holds a Bachelor of Business degree from Curtin University.

Low Weng Keong
Independent Director

Low Weng Keong was appointed to the Board on 18 June 2015 and serves as the Lead Independent Director, the Chairman of the Audit Committee and a member of the Nominating, Remuneration and Risk Management Committees. Mr. Low is an independent director of UOL Group Limited and Riverstone Holdings Limited, both listed on the Singapore Stock Exchange.

Mr. Low was a former country managing partner of Ernst & Young Singapore and a former Global Chairman and President of CPA Australia. He was a Director of the Confederation of Asian and Pacific Accountants Limited (until 2 May 2019) and the Singapore Institute of Accredited Tax Practitioners. He is also a member of the Board of Trustees of the NTUC Education and Training Fund.

Mr. Low is a Life Member of CPA Australia, Fellow Chartered Accountant (UK), Fellow Chartered Accountant (Singapore), Chartered Tax Advisor (UK) and an Accredited Tax Advisor (Singapore).

Albert Ho Shing Tung
Non-Executive Director

Albert Ho was appointed to the Board on 1 March 2013 and serves as a member of the Audit, Remuneration and Risk Management Committees.

Mr. Ho is currently a director of Centrum Capital, an investment and asset management firm. He has previously worked at various international banks and multinational corporations, and has more than 25 years experience in the areas of corporate development, finance and investment banking.

Mr. Ho is an independent non-executive director of Riverstone Holdings Limited, a company listed on the Singapore Exchange and is a member of its Audit and Remuneration Committees. He was formerly a Councillor of CPA Australia's Singapore Division and its Deputy Chairman of the Corporate-SME Committee.

Mr. Ho holds a Bachelor of Commerce degree from the Australian National University and is a Fellow Certified Practising Accountant with CPA Australia.

Claudia Teo Kwee Yee
Independent Director

Claudia Teo was appointed to the Board on 18 June 2015 and serves as the Chairperson of the Renumeration, Nominating and Risk Management Committees and a member of the Audit Committee.

Ms. Teo is a partner and head of the Corporate and Financial Services practice group of Eversheds Harry Elias LLP, ranked as a notable firm in leading legal publications. She has over 20 years' experience in corporate finance and M&A transactions throughout Asia and has been recommended as a leading lawyer in The Legal 500. Some of her complex deal structures have focused on various industries including healthcare and pharmaceuticals, fintech, natural resources, lifestyle and real estate and construction. She also has extensive experience in investment funds, collective investment schemes and related regulatory and licensing requirements.

She is also a director and a member of the Investment/ Governance & Risk committee of Ren Ci Hospital & Medicare Centre, a Singapore charity healthcare institution.

Ms. Teo completed her Bachelor of Laws at the University of Manchester. She was called to the Singapore Bar and is dually qualified as a barrister and a solicitor of England and Wales and is admitted to the Rolls of Solicitors of Hong Kong.

Senior Management

Eddy Lee Yip Hang
Chairman and Chief Executive Officer

Eddy Lee was appointed as Chairman of the Board on 17 January 2008 and is a member of the Nominating Committee. As the Group Chairman and CEO, he is responsible for the development and execution of the Group's strategic vision and expansion plans. Mr. Lee possesses more than 25 years of international business experience, having worked as Senior Vice President at the Resorts World (Genting Group) in Malaysia, Chief Executive of CDL Hotels International Limited (Hong Leong Group) in Hong Kong, President & Chief Executive of Star Cruises PLC (Genting Group) in Singapore and more recently, as Managing Director & Chief Executive of Amcom Telecommunications Limited in Australia.

Mr. Lee is highly regarded as a professional start-up specialist with a very impressive track record in developing companies that have experienced outstanding brand recognition and tremendous growth. He was involved in the successful startups of the Burswood Resort Hotel in Perth and Star Cruises PLC in Singapore, and is perhaps best known for successfully introducing, developing and transforming the cruise industry in Asia into a multi-million dollar business today.

Mr. Lee holds a Bachelor of Business degree from Curtin University.

Chew Sien Lup
Chief Financial Officer

Chew Sien Lup joined iX Biopharma in April 2016. As Chief Financial Officer, Mr. Chew oversees the accounting, financial, taxation, investment and other financial matters of the Group.

Mr. Chew has over 20 years of experience holding senior positions in accounting, audit and treasury. He spent more than 9 years with an international public accounting firm serving a variety of clients including those in the energy, utilities and high-tech industries. Prior to joining iX Biopharma, he also served as CFO of Singapore eDevelopment Limited and Metech International Limited, both listed on the SGX-ST.

Mr. Chew graduated from Monash University, Australia in 1988 with a Bachelor of Economics (Accounting) and a Bachelor of Science (Computer Science) with Honours. He has been a Certified Practising Accountant of CPA Australia since 1993.

Dr. Janakan Krishnarajah
Chief Operating Officer and Chief Medical Officer

Dr. Janakan Krishnarajah joined iX Biopharma as Chief Medical Officer in April 2016 and was subsequently designated as Chief Operating Officer on 1 April 2019. As Chief Operating Officer and Chief Medical Officer, he is responsible for iX Biopharma's pharmaceutical and nutraceutical product development, including the design and implementation of clinical trial programmes. He also oversees the operations of the Group's wholly-owned certified GMP manufacturing facility in Australia.

Prior to joining iX, Dr. Krishnarajah was the CEO and Medical Director of Linear Clinical Research Ltd, a leading Australian early phase clinical trials facility. He has extensive experience in Phases I-IV clinical trials and has acted as Principal or Co-Investigator in over 100 Phase I-II clinical trials.

Dr. Krishnarajah graduated with a Bachelor of Medicine, Bachelor of Surgery (Hons) from The University of Western Australia in 2001. He is a Fellow of the Royal Australasian College of Physicians with specialist interests in Clinical Pharmacology and Internal Medicine and worked as a Consultant Physician in Western Australia.

Eva Tan
Director, Corporate and Commercial Strategy

As Director of Corporate and Commercial Strategy, Ms. Eva Tan oversees the commercial, legal and corporate matters of the Group.

Prior to joining the Group, she was a corporate lawyer at Wong Partnership, a leading law firm in Singapore, where she specialised in the capital markets practice. Ms. Tan was involved in numerous local and international IPOs, including the listing of iX Biopharma on the SGX Catalist in 2015. She has also had extensive experience advising on a broad range of local and cross – border mergers and acquisitions and other corporate transactions.

Ms. Tan obtained her LLB from the National University of Singapore and was admitted to the Singapore Bar in 2008.

Dr. Stephen Lim
Chief Pharmacist

Dr. Stephen Lim joined iX Biopharma on 7 July 2017. As Chief Pharmacist of the Group, he participates in new product developments and assists in clinical trials undertaken by the Group.

Prior to his appointment as Chief Pharmacist, he was an Adjunct Associate Professor in the School of Pharmacy at Curtin University and has more than 34 years' experience in the hospital and commercial pharmacy sectors. His interests are mainly in research, drug safety and drug delivery, especially in the area of needle-less systems.

Dr. Lim is also an expert in drug formulation and stability. He completed his Master thesis by looking at drug stability in the frozen state and has shown that intranasal fentanyl delivery is as effective as intravenous fentanyl.

Dr. Lim obtained a Bachelor of Pharmacy (with distinctions), a Master of Pharmacy and a Ph.D. in Pharmacy in novel, drug delivery systems from Curtin University.

Dr. Iain Cook
Chief Scientist

Dr. Iain Cook has more than 30 years of experience in the analysis of complex pharmaceutical and biological samples, with a background in pharmaceutical, veterinary, industrial and agrichemical industries. Prior to his appointment as Chief Scientist, he was the director of Chemical Analysis Pty Ltd, a former subsidiary of iX Biopharma. He also served as an analytical chemist at ICI/Orica, where he specialised in nuclear magnetic resonance and led its Spectroscopy Group (NMR/FTIR/ SEM-EDXA/NIR), and at PROBE Analytical thereafter.

Dr. Cook obtained his Doctor of Philosophy in Nuclear Magnetic Resonance and Synthetic Organic Chemistry from La Trobe University.

Desiree Chua
Senior Manager, Business Development

Ms. Desiree Chua is responsible for the business development and marketing activities of the Group's products in the Asia Pacific region. These include product branding, regulatory affairs, market research and launch activities. She was previously a management consultant at PricewaterhouseCoopers Singapore before joining iX Biopharma in September 2015.

Ms. Chua obtained her degrees in Bachelor of Business Management and Bachelor of Accountancy at Singapore Management University.

Sustainability Statement

Sustainability is integral in iX Biopharma's business to achieve lasting commercial success. Since FY2018, we have embarked on the sustainability journey by looking at our responsibility for the environment we are operating in, people in our workforce and innovative products for the healthcare industry.

Environment

We are fully committed to our environmental initiatives along its entire value chain, from product development to supply of goods. We have identified energy as one of the material topics and aim to identify other areas of improvement where we can mitigate our environmental impact.

Product

As a pharmaceutical company, we comply with all relevant and material regulations and applicable industrial standards. All of our products are continuously assessed for health and safety impact across our value chain. We have incorporated procedures throughout the manufacturing process from raw materials sourcing to vigorous product testing.

We have also invested in the implementation of a co-vigilant monitoring system to handle feedback and recall events.

People

We value our employees as the key pillar of our long-term success. As an equal opportunity employer, we aspire to be the workplace of choice for our staff.

We strongly believe in diversity and being inclusive with regard to hiring policies. We employ the best talent, without discrimination on race, gender or age.

We also value the importance of competency and proficiency in our workforce in order to ensure the long-term success of our business. We also actively recognise our employees' contributions via awards and recognition.

Governance

Corporate governance is at the centre of our business in achieving our sustainability goals. We uphold the belief that good corporate governance practices are essential in building a sound corporation with an ethical environment, thereby protecting the interests of all stakeholders. We strive to put in place a robust governance framework to maintain the integrity, transparency, accountability and discipline in all our practices.

We published our inaugural Sustainability Report for the period of July 2017 to June 2018 (FY2018) in June 2019. It was prepared with reference to the Global Reporting Initiative's Sustainability Reporting Standards and captured our environment, social and governance performance in FY2018 for all our entities.

We will be issuing our Sustainability Report 2019 in the second quarter of FY2020.

Corporate Governance Report

The Board of Directors (Board, or Directors) and the management (Management) of iX Biopharma Ltd. (Company, and together with its subsidiaries, the Group) are committed to comply with the principles of the Code of Corporate Governance 2012 (Code) issued on 2 May 2012. The Company believes that good corporate governance is essential in building a sound corporation with an ethical environment, thereby protecting the interests of all shareholders. The Company has also taken note of the updated principles and guidelines in the revised Code of Corporate Governance 2018 (2018 Code) that will take effect for financial years commencing on or after 1 January 2019. The Company is committed to comply with the 2018 Code in FY2020.

This Corporate Governance Report sets out the Company's corporate governance practices. The Board confirms that, for the financial year ended 30 June 2019 (FY2019), the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Corporate Governance Report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time, to ensure compliance with Section B: Rules of Catalist (Catalist Rules) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The Board currently comprises one executive director and three non-executive directors, of which, two of the non-executive directors are independent from the Management.

The primary function of the Board is to protect and enhance long-term value and return for its shareholders. Besides carrying out its statutory responsibilities, the key roles of the Board are to:

- guide the formulation of the Group's overall long-term strategic objectives and directions. This includes setting the Group's policies and strategic plans and monitoring the achievement of these corporate objectives;
- establish a framework of prudent and effective controls that enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
- provide oversight in the proper conduct of the Group's business and assume responsibility for corporate governance;
- provide guidance to the Management to ensure that the Company's obligations to its shareholders and the public are met; and
- consider sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group.

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, acceptances of bank facilities, annual budget, the release of the Group's quarterly and full year results and interested person transactions of a material nature. The Board works closely with the Management. All Directors objectively make decisions at all times as fiduciaries in the interests of the Company.

Management is fully apprised of such matters which require the approval of the Board or the Board Committees (as defined below). The Company also has a structured authority matrix which sets out the delegated authority to various levels of Management.

To assist in the execution of its responsibilities, the Board has formed four committees, namely, the Audit Committee (AC), the Remuneration Committee (RC), the Nominating Committee (NC) and the Risk Management Committee (RMC) (collectively, the Board Committees). These Board Committees function within written terms of reference, which are reviewed on a regular basis. Each Board Committee reports to the Board with their recommendations, however, ultimate responsibility for final decision on key matters lies with the Board. The effectiveness of each Board Committee will be regularly reviewed by the Board.

Corporate Governance Report

The proposed meetings for the Board and all Board Committees for each new financial year are set out in a schedule of meetings and notified to all Board members before the start of that year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including discussions on key deliberations and decisions taken are maintained by the company secretaries. The Company's Constitution allows for the meetings of its Board and the Board Committees to be held via teleconferencing and videoconferencing. The Board and the Board Committees may also make decisions by way of circulating written resolutions.

Directors' attendance at the Annual General Meeting of the Company (AGM), meetings of the Board, and meetings of the Board Committees in FY2019:

Director	Board	AC	NC	RC	RMC	AGM
No. of meetings held	4	4	1	1	1	1
No. of meetings attended						
Eddy Lee Yip Hang	4	N/A	1	N/A	N/A	1
Albert Ho Shing Tung	4	4	N/A	1	1	1
Low Weng Keong	4	4	1	1	1	1
Claudia Teo Kwee Yee	4	4	1	1	1	1
Ko Kheng Hwa[1]	1	1	1	1	N/A	1

[1] Mr. Ko Kheng Hwa retired by rotation at the conclusion of the AGM held on 19 October 2018.

In addition to attending the meetings of the Board and/or the Board Committees, a director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group. The directors also, whether individually or collectively, engage with the Management and the Group's external consultants in order to better understand the challenges faced by the Group and the input of the directors, through such engagement, provide valuable perspective to the Management.

A formal letter setting out the director's duties and obligations will be issued to new directors upon their appointment.

Newly appointed directors will be briefed on the profile of the Group and the Management, businesses of the Group, strategic plans and mission of the Company. If a newly appointed director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director of a listed company and to familiarise such person with the relevant rules and regulations governing a listed company. Directors will be provided with updates on the latest governance and listing policies as appropriate from time to time. The Company will be responsible for arranging and funding the training of directors.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from the Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises four directors, of which two are independent directors, and as such, the composition of the Board complies with the recommendation under the Code for independent directors to make up at least half of the Board where the Chairman of the Board (Chairman) and the Chief Executive Officer (CEO) is the same person. The independent directors are Mr. Low Weng Keong and Ms. Claudia Teo Kwee Yee.

Corporate Governance Report

The Board of Directors and Board Committees as at 30 June 2019 comprise:

Name of Directors	Board of Directors	AC	NC	RC	RMC
Eddy Lee Yip Hang	Executive Chairman and Chief Executive Officer	–	Member	–	–
Albert Ho Shing Tung	Non-Executive Director	Member	–	Member	Member
Low Weng Keong	Non-Executive Lead Independent Director	Chairman	Member	Member	Member
Claudia Teo Kwee Yee	Non-Executive Independent Director	Member	Chairperson	Chairperson	Chairperson

In accordance with the Code, the Board considers an "independent" director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group. As defined in the Code, a "10% shareholder" means any person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 10% of the total votes attached to all the voting shares (excluding treasury shares) in the Company. With at least half of the Board being independent, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues. No individual or small group of individuals dominates the Board's decision-making process. Furthermore, the Board is able to interact and work with the Management team through a robust exchange of ideas and views to help shape the Group's strategic direction.

Currently, there is no non-executive independent director who has served on the Board beyond nine years from the date of appointment.

The Board comprises directors who as a group possess the appropriate balance and diversity of skills, experience, knowledge and gender to direct and lead the Group. The NC and the Board are also of the view that given the scope, nature and scale of the operations of the Group, the size of the Board is appropriate and facilitates effective interaction between Board members and decision making. The NC noted the retirement of Mr. Ko Kheng Hwa from the Board in 2018 and has commenced the search for a new independent director. Please see "Board of Directors" section on pages 27 to 28 for more information.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Mr. Eddy Lee Yip Hang is both the Chairman and CEO of the Company. The Board believes that there is no need for the role of Chairman and the CEO to be separated as there is a good balance of power and authority with all Board Committees chaired by the independent directors.

The Board has appointed Mr. Low Weng Keong as the Lead Independent Director of the Company on 12 November 2018. This position of Lead Independent Director was previously held by Mr. Ko Kheng Hwa prior to his retirement on 19 October 2018. As the Lead Independent Director, Mr. Low Weng Keong will be available to shareholders who have concerns and for which contact through the normal channels of the Chairman and CEO or the Chief Financial Officer (CFO) has failed to resolve or is inappropriate.

As Chairman and CEO, Mr. Eddy Lee Yip Hang bears responsibility for the conduct of the Board and has full executive responsibilities over business directions and operational decisions. He is also responsible to the Board for all corporate governance procedures to be implemented by the Group, to ensure conformance by the Management to such practices, as well as to maintain effective communications with shareholders of the Company. In addition, the Chairman is responsible for setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues, ensuring that the Directors receive complete, adequate and timely information, encouraging a culture of openness and constructive relations within the Board and between the Board and the Management and facilitating the effective contribution of non-executive directors.

Corporate Governance Report

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises two independent directors, Ms. Claudia Teo Kwee Yee and Mr. Low Weng Keong, as well as the Chairman and CEO, Mr. Eddy Lee Yip Hang. Ms. Claudia Teo Kwee Yee is the Chairperson of the NC. No alternate directors have been appointed to the Board.

The NC's primary functions as defined in the terms of reference are as follows:

- make recommendations to the Board on all Board appointments and re-appointments;
- decide how the performance of the Board, each Board Committee and each individual director is to be evaluated, and propose objective performance criteria for the Board's approval;
- assess the effectiveness of the Board as a whole;
- decide whether or not a director is able to and has been adequately carrying out his or her duties as a director;
- review board succession plans for directors, in particular the Chairman and the CEO; and
- review training and professional development programmes for the Board.

The NC is also charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent. Each NC member will not take part in determining his or her own re-appointment or independence. Each director is required to submit a return of independence to the company secretaries, who will submit the returns to the NC. The NC shall review the returns and determine the independence of each of the directors for recommendation to the Board. An independent director shall notify the NC immediately, if, as a result of a change in circumstances, he or she no longer meets the criteria for independence or if such change in circumstances would be relevant to the NC's analysis of his or her independence. The NC shall review the change in circumstances and make its recommendations to the Board. The NC has reviewed the independence of each director for FY2019 and has determined that Ms. Claudia Teo Kwee Yee and Mr. Low Weng Keong are independent.

The Company's Constitution requires newly appointed directors to hold office until the next AGM and at least one third of the directors to retire by rotation at every AGM. The NC assesses and recommends to the Board whether the retiring directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers the attendance, level of preparedness, participation and candour of such directors.

The NC recommends that Mr. Albert Ho Shing Tung and Ms. Claudia Teo Kwee Yee who are to retire by rotation be nominated for re-election at the forthcoming AGM, in accordance with Regulation 85 of the Company's Constitution:

a) Mr. Albert Ho Shing Tung will, upon re-election as a director of the Company, remain as a member of the AC, RC and RMC; and
b) Ms. Claudia Teo Kwee Yee will, upon re-election as a director of the Company, remain as the Chairperson of the NC, RC and RMC and a member of the AC.

For more information on the directors who are proposed to be elected/re-elected, please see the "Board of Directors" and "Additional Information on Directors Seeking Re-election" sections on page 27 and page 123.

Although Mr. Low Weng Keong and Mr. Albert Ho Shing Tung hold directorships in other listed companies (which are not in the Group), the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. Instead, the NC considers that these directors would widen the expertise and experience of the Board and give it a broader perspective. As such, the NC does not presently consider it necessary to determine the maximum number of listed company board representations which any of the directors may hold. The NC has reviewed and determined that each director has committed sufficient time, attention, resources and expertise to the affairs of the Company, taking into account the directors' number of listed company board representations and other principal commitments.

No director was involved in his or her own evaluation.

The dates of initial appointment and last re-election of each director, together with his or her current directorships in listed companies are set out on page 36. Please see "Board of Directors" section and other principal commitments on pages 27 to 28 for more information.

Director	Current appointment	Date of initial appointment	Date of last re-election	Directorships in other listed companies (present and in the preceding three years)
Eddy Lee Yip Hang	Executive Director	17.01.2008	19 .10.2018	–
Albert Ho Shing Tung	Non-Executive Director	01.03.2013	24.10.2017	Independent Non-Executive Director at Riverstone Holdings Limited
Low Weng Keong	Non-Executive Lead Independent Director	18.06.2015	24.10.2017	Present Independent Non-Executive Director at UOL Group Limited Lead Independent Non-Executive Director at Riverstone Holdings Limited Previous Bracell Limited
Claudia Teo Kwee Yee	Non-Executive Independent Director	18.06.2015	24.10.2017	–

With the retirement of Mr. Ko Kheng Hwa on 19 October 2018, the NC has commenced the search for a new independent director. In reviewing and recommending to the Board such new director's appointment, the NC will consider (a) the candidate's track record, work experience, industry expertise and such other factors as may be determined by the NC to be relevant and would contribute to the Board's collective skills mix and diversity; (b) the candidate's independence; and (c) the desired composition of the Board Committees after matching the candidate's skill set to the requirement of the relevant Board Committees (if the candidate is proposed to be appointed to any of the Board Committees). In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new directors.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.

The Board performance is ultimately reflected in the performance of the Group. The Board ensures compliance with the applicable laws and listing rules and the Board members act in good faith, with due diligence and care in the best interests of the Company and its shareholders. An effective Board is able to lend support to the Management at all times and to steer the Group in the right direction.

More importantly, the Board, through the NC, has used its best efforts to ensure that directors appointed to the Board whether individually or collectively possess the background, experience, knowledge in our business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his or her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well considered decisions to be made.

The evaluation of the Board's performance and individual director's contribution is conducted by a questionnaire to be completed by each individual director. The findings are then collated and analysed, and thereafter presented to the NC, which will, in consultation with the chairperson, take appropriate actions to address the findings of the performance assessment. The NC has assessed the current Board's and Board Committee's performance to-date, their roles and responsibilities and is of the view that the performance of the Board as a whole, the Board Committees, the Chairman of the Board and the respective chairpersons of the Board Committees were satisfactory. No external facilitator was used in the evaluation process.

Going forward, the NC will continue to review the formal assessment processes for evaluating the Board and each Board Committee's performance, and also review the contribution of individual directors to the effectiveness of the Board and their relevant Board Committees. The chairperson acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seeks the resignation of directors in consultation with the NC. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his or her performance or his or her re-nomination as director.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive regular information from the Management about the Group's financial and operational performance so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers and related materials will be prepared for each meeting of the Board. The Board papers include sufficient information on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings.

Directors are given Board papers in advance of Board meetings for them to be adequately prepared for the meeting. In addition, Management (who are not also executive directors) are invited to attend Board and Board Committee meetings, whenever necessary.

All directors have access to the Group's records and information to enable them to carry out their duties. In addition, directors have separate and independent access to the Management and the company secretaries. The company secretaries' responsibilities are to administer, attend and prepare minutes of Board and Board Committee meetings, advise the Board on all governance matters and assist the Chairman in ensuring that board procedures are followed and reviewed so that the Board functions effectively, and the relevant rules and regulations, including requirements of the Company's Constitution, Companies Act, Cap 50 (Companies Act) and the Catalist Rules, are complied with. The company secretaries' responsibilities also include ensuring good information flows within the Board and its Board committees and between the Management and non-executive directors as well as facilitating orientation and assisting with professional development, as required. The appointment and removal of the company secretaries is a matter for consideration by the Board as a whole.

Where the directors, either individually or as a group, require independent professional advice in the furtherance of their duties, the directors have access to relevant professional advisers, with such costs to be borne by the Company. The Board is kept informed of all such professional advice rendered to the directors.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises two independent directors, Mr. Low Weng Keong and Ms. Claudia Teo Kwee Yee, as well as a non-independent non-executive director, Mr. Albert Ho Shing Tung. Ms. Claudia Teo Kwee Yee is the Chairperson of the RC. This position of the Chairman of the RC was previously held by Mr. Ko Kheng Hwa prior to his retirement on 19 October 2018.

The RC's responsibilities under its terms of reference include:

- review and recommend to the Board a general framework of remuneration for the Board and key management personnel (as defined in the Code);
- ensure a formal and transparent procedure for developing policy on executive remuneration, review and recommend to the Board the remuneration packages for individual directors and key management personnel; and
- review the Company's obligations arising in the event of termination of an executive director's and key management personnel's service contracts, to ensure that such contracts contain fair and reasonable termination clauses that are not overly generous.

In carrying out its duties, the RC may obtain independent external legal and other professional advice, where necessary. The costs of such advice shall be borne by the Company.

The RC aims to be fair and to avoid rewarding poor performance. The remuneration framework under the purview of the RC covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

No director is involved in deciding his or her own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company; and (b) key management personnel to successfully manage the Company. However, the Company should avoid paying more than is necessary for this purpose.

The Board recognises the need to pay competitive (but not excessive) fees to attract, motivate and retain directors and the Management of the required experience and expertise.

The remuneration of the executive director and senior management personnel for FY2019 comprised a fixed component in the form of a base salary (including applicable compulsory employer contribution to Central Provident Fund), a variable component and benefits. The RC has reviewed the Company's remuneration policy to include a variable bonus component and a long-term incentive component comprising performance shares under the Schemes (as defined herein), which will be linked to the individual performance of the executive director and senior management personnel, and will be assessed based on their respective key performance indicators or conditions. The RC reviewed and set appropriate performance conditions for the CEO.

The Chairman and CEO, Mr. Eddy Lee Yip Hang, does not receive director's fees. He is paid a remuneration pursuant to the terms of his service agreement with the Company. Under Mr. Eddy Lee Yip Hang's service agreement, he was appointed on 18 June 2015 as CEO of the Company for a fixed period of three years (Initial Term) with effect from the date of the Company's admission to the Official List of the Catalist. After the Initial Term, the service agreement shall be automatically renewed, unless terminated by either party giving the other not less than six months prior written notice, or otherwise terminated in accordance with the terms of the service agreement.

The non-executive directors are paid fixed directors' fees which are set in accordance with a remuneration framework comprising basic fees and Board Committee fees. In determining such fees, the RC considers, among others, the effort and time spent, responsibilities of the non-executive directors, the particular circumstances applicable to the Company, and the practice of companies in the same industry, of comparable size and having similar business models. In view of the heavier nature of their responsibilities, an additional fee is accorded to the role of chairperson of each Board Committee.

Since FY2016, the RC has adopted a framework for directors' fees which comprised a basic fee and additional fees for appointment to and chairing of the Board Committees. The general framework for the foregoing fees is as follows:

	Directors' Fees	
	Basic	**Additional**
Director	$71,500	–
Lead Independent Chairperson		$6,000
- Audit Committee		$12,000
- Nominating Committee		$6,000
- Remuneration Committee		$6,000
- Risk Management Committee		$6,000

Following the retirement of Mr. Ko Kheng Hwa as a director of the Company, the positions of the Lead Independent Director and the Chairperson of the RC have been assumed by Mr. Low Weng Keong and Ms. Claudia Teo Kwee Yee respectively. Total directors' fees paid for FY2019 totalled to $288,000. Having considered the possibility of appointing another director in the coming financial year and based on the remuneration framework, the RC has recommended that directors' fees for the financial year ending 30 June 2020 of $334,000, being the same amount approved at the last AGM, shall be paid quarterly in arrears.

Corporate Governance Report

The Board is responsible for overseeing the iX Employee Share Option Scheme (Share Option Scheme) and the iX Performance Share Plan (Share Plan) (collectively, the Schemes) and administering the Schemes in accordance with the guidelines set. Please see the Director's Statement entitled "Share Option Scheme and Share Plan" on pages 50 to 52 for more information.

DISCLOSURE ON REMUNERATION

Principle 9: The Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management, and performance.

The remuneration bands of the directors and key management personnel (KMP) (other than the Chairman and CEO) of the Group for FY2019 are as follows:

Remuneration Bands	Fees %	Base/Fixed Salary %	Bonus %	Other Benefits %	Share-based Compensation %	Total %
Directors						
$750,001 to $1,000,000 per annum						
Eddy Lee Yip Hang	–	47	11	42[1]	–	100
Below $250,000 per annum						
Albert Ho Shing Tung	100	–	–	–	–	100
Ko Kheng Hwa	100[2]	–	–	–	–	100
Low Weng Keong	100	–	–	–	–	100
Claudia Teo Kwee Yee	100	–	–	–	–	100
Key Management Personnel						
$750,001 to $1,000,000 per annum						
Janakan Krishnarajah	–	64	–	–	36[3]	100
$250,001 to $500,000 per annum						
Chew Sien Lup	–	63	6	–	31[3]	100

Notes:

1 The other benefits comprises personal income tax, housing and car benefits.

2 Mr. Ko Kheng Hwa retired by rotation at the conclusion of the AGM held on 19 October 2018 and the director fees paid to him were pro-rated for FY2019 accordingly.

3 The amount represents the amortised value relating to share awards granted to Dr. Janakan Krishnarajah and Mr. Chew Sien Lup and accounted as expense by the Company in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 2 during the financial year.

The KMPs (who are not directors or the Group CEO) in 2019 have been identified as follows:

1. Dr. Janakan Krishnarajah, Chief Operating Officer and Chief Medical Officer
2. Mr. Chew Sien Lup, Chief Financial Officer

The aggregate remuneration paid to the directors and the above identified KMPs of the Company in FY2019 is $2,217,000.

As set out above, the Company has taken steps to identify its KMPs and provided additional disclosure of remuneration mix and bands for each director and KMPs and the aggregate remuneration paid to its directors and KMPs for FY2019. The Board, after weighing the advantages and disadvantages of such disclosure, maintains its view that full disclosure of the actual remuneration of each director, the CEO and KMPs pursuant to Rule 1204 (15) and Rule 1204 (12) of the Catalist Rules and Guideline 9.2 of the Code would not be in the interests of the Company as such information is confidential and sensitive in nature. Further, the Board is of the view that a disclosure of the aggregate total remuneration paid to the KMPs (who are not directors or the CEO) would not be in the interests of the Company as such information is confidential and sensitive in nature and can be exploited by competitors. The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the remuneration for each of the directors, CEO and KMPs. With additional disclosures, the Company has provided shareholders an insight into the level of remuneration paid to the directors, CEO and KMPs.

During FY2019, the Company announced total awards of 4,633,333 shares to certain employees and executives under iX Performance Share Plan. The Company has not granted any options under iX Employee Share Option Scheme.

The Chairman and CEO, Mr. Eddy Lee Yip Hang does not receive director's fees but is remunerated as part of the Management. The remuneration of key management personnel comprises a basic salary and a variable annual bonus based on the performance of the Group and their individual performance. There are no termination, retirement and post-employment benefits that may be granted to directors, the CEO and the KMPs (who are not directors or the CEO).

Ms. Tang Choy Leng Jane, a human resource and administrative executive of the Company, and Miss Sophie Lee, a business development executive of iX Syrinx Pty Ltd, are the spouse and daughter of Mr. Eddy Lee Yip Hang respectively. During FY2019, Ms. Tang was paid a fixed salary of more than $100,000 and less than $150,000 whilst Miss Lee was paid a fixed salary of more than $50,000 and less than $100,000. Save for Ms. Tang and Miss Lee, there were no other employees who are immediate family members of any director or the CEO whose remuneration exceeded $50,000 in FY2019.

The Board is of the opinion that the information disclosed in this Corporate Governance Report, read together with relevant sections of this Annual Report, would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects as well as other price sensitive public reports to shareholders of the Company on a prompt basis. These principles guide the presentation of the Company's annual financial statements and quarterly financial statements announcements to shareholders, as well as other announcements to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules.

Results for the first, second and third quarters are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. Information is disseminated through SGXNET and is also available on the Company's website at www.ixbiopharma.com.

For the financial year under review, the CEO and the CFO provided assurance to the AC on the integrity of the quarterly unaudited financial statements and the Board in turn provided a negative assurance confirmation in respect of the unaudited financial statements for the first, second and third quarters in accordance with the regulatory requirements.

The Management provides all members of the Board with regular quarterly management reports, which in the Board's opinion is currently sufficient to present a balanced and understandable assessment of the Group's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the manner risks are managed in the Group's businesses. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all potential errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements of financial information or losses. The Board considers it necessary to increase emphasis on risk management and internal controls in a complex business and economic environment.

Management is responsible for designing, implementing and maintaining a sound system of risk management and internal controls to safeguard the shareholder's interests and Group's assets.

Risk Management Committee

During the year, the Board established the RMC to assist it in its oversight of risk management of the Group. The RMC comprises Ms. Claudia Teo Kwee Yee, Mr. Low Weng Keong, and Mr. Albert Ho Shing Tung. Ms. Claudia Teo Kwee Yee is the Chairperson of the RMC. The RMC has written terms of reference which is endorsed by the Board and sets out duties and responsibilities of the Committee.

The principal duties of the RMC include the following:

- advise the Board on the Group's overall risk tolerance and strategy;
- oversee and advise the Board on the current risk exposures and future risk strategy of the Group;
- in relation to risk assessment:
  - (a) keep under review the Group's overall risk assessment processes that inform the Board's decision making;
  - (b) review regularly and approve the parameters used in these measures and the methodology adopted; and
  - (c) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- review the Group's capability to identify and manage new risk types;
- before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the Group, and taking independent external advice where appropriate and available;
- review reports on any material breaches of risk limits and the adequacy of proposed action;
- monitor the independence of risk management functions throughout the organisation;
- review promptly all relevant risk reports on the Group; and
- review and monitor Management's responsiveness to the findings.

During the year, key risks of the Group were deliberated by Management and reported to the RMC. The Group's financial risk management is described under Note 28 of the Notes to the Financial Statements as set out in this Annual Report.

Risk management practices will be formalised within the next 12 months under an Enterprise Risk Management (ERM) Framework from which the Group will identify, prioritise, assess, manage and monitor key risks and associated key controls in the Group's business. Under this ERM Framework, risk management capabilities and competencies will be further developed and continuously enhanced.

Review of the Group's Risk Management and Internal Control Systems

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management and the Board, the Board, with the concurrence of the AC and RMC, are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 June 2019. These controls are continually assessed for improvement.

The Board has received assurance in writing from the CEO and the CFO that the financial records have been properly maintained and the financial statements of the Group and the Company give a true and fair view of the Group's and the Company's operations and finances. The said written assurance from CEO and CFO also attests to the Board that the CEO and the CFO are of the view that the Group's and the Company's risk management and internal control systems are in place and effective. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises two independent directors, Mr. Low Weng Keong, and Ms. Claudia Teo Kwee Yee, and a non-independent non-executive director, Mr. Albert Ho Shing Tung. Mr. Low Weng Keong is the Chairman of the AC. The AC members bring with them many years of managerial and professional experience in the areas of finance, legal, and business management to sufficiently discharge the AC's functions.

The AC will assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, as well as develop and maintain adequate and effective systems of internal controls including financial, operational, compliance and information technology controls, and risk governance, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and cooperation by Management and full discretion to invite any director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The AC's duties include the following:

- assist the Board in the discharge of its responsibilities on financial and accounting matters;
- review the audit plans, scope of work and results of the audits compiled by the internal and external auditors;
- review the co-operation given by Management to the internal and external auditors;
- review the external auditors including their independence and objectivity, and make recommendations to the Board on the external auditors' re-appointment;
- review the integrity of any financial information presented to shareholders including reviewing significant financial reporting issues and judgments, if any;
- review interested person transactions, if any; and
- review potential conflicts of interest, if any.

The AC also provides a channel of communication between the Board, the Management, the external auditors and the internal auditors on audit matters. The AC meets with the internal auditors and external auditors separately, at least once a year without the presence of the Management to review any matter that might be raised.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements through the report presented by the external auditors on the scope and results of the external audit, and through their discussions with the external auditors. The Group has adopted all of the new or revised accounting standards that are effective for the financial period beginning 1 July 2018 and are relevant to its operations.

The AC reviews arrangements by which staff of the Company and other stakeholders may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. The Company has put in place a formal whistle-blowing policy for staff and other stakeholders in confidence to report and raise any concerns which they may have in relation to the foregoing matter. No reports of whistle-blowing incidents were recorded in FY2019.

The AC met for four times and carried out the following during FY2019:

- reviewed quarterly and full year financial statements (unaudited and audited), and recommended such reports to the Board for approval;
- reviewed, having regard to input from external and internal auditors, the adequacy and effectiveness of the Group's internal controls and risk management systems;
- reviewed interested person transactions;
- reviewed and approved the annual audit plan of the external auditors;
- reviewed and approved the internal audit plan of the internal auditors;
- reviewed the annual re-appointment of the external auditors, and made a recommendation for board approval; and
- met with the external auditors once without the presence of the Management.

During the review of the financial statements for FY2019, the AC has discussed with the Management on the accounting principles that were applied as well as to their judgment on items that might affect the integrity of the financial statements. The following key audit matter highlighted by the external auditors impacting the financial statements was discussed with the Management and the external auditors.

Key Audit Matter	How the AC Reviewed The Matter and What Decision Was Made
Valuation of goodwill, intangible assets and property, plant and equipment	The AC has considered the approach and methodology applied to the value-in-use (VIU) model in impairment assessment. The AC reviewed the reasonableness of the Management's estimates and assumptions used in their VIU calculations on the cash-generating units (CGU) within the Group. The impairment review was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2019. Refer to page 90 of this Annual Report for the details on the CGUs.

Following the review and discussions, the AC recommended to the Board to approve the full year financial statements.

EXTERNAL AUDITORS

The AC assesses the independence of the external auditors annually and undertook a review of the independence of PricewaterhouseCoopers LLP (PwC) and gave careful consideration to the Group's relationships with them during FY2019. In determining the independence of PwC, the AC reviewed all aspects of the Group's relationships with PwC to protect and preserve audit independence. The AC also inquired and noted that there were no non-audit services by PwC in FY2019. The aggregate amount of fees paid to the external auditors of the Group for FY2019 is disclosed under Note 6 of the Notes to the Financial Statements.

In reviewing the nomination of PwC for re-appointment for the financial year ending 30 June 2020, the AC considered the adequacy of the resources, experience and competence of PwC, and took into account the Audit Quality Indicators relating to PwC at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit under different jurisdictions. The AC had also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

PwC has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. Accordingly, the Company confirms that it has complied with the Rules 712 and 715 of the Catalist Rules in relation to appointment of its auditors.

Given the above, the AC has recommended that the Board proposes, and the Board has proposed, the re-appointment of PwC as the external auditors at the forthcoming AGM.

INTERNAL AUDIT

Principle 13: The Board should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company outsourced its internal audit function and appointed Baker Tilly Consultancy (Singapore) Pte Ltd as internal auditors during the year. The internal auditors will report directly to the Chairman of the AC on audit matters. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors plan their audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the internal auditors and meets with the internal auditors to approve their plans and to review their report for the prior reporting period.

The AC is of the view that the internal auditors have access to all the relevant documents, records, properties and personnel, including access to the AC.

SHAREHOLDERS' RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: The Company should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangement.

Principle 15: The Company should actively engage its shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and the public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholders' rights.

The rights of shareholders, including the details of the rules governing voting procedures at general meetings, are contained in the Company's Constitution and are also set out in applicable laws including the Companies Act. Shareholders are encouraged to participate in question and answer sessions during general meetings, to facilitate active and meaningful communication with the Management and the Board.

The Company does not practise selective disclosure and ensures timely and adequate disclosure of price sensitive and material information to shareholders of the Company via SGXNET. In addition, the Company ensures that the financial results and annual reports are announced or issued within the mandatory periods as prescribed by the Catalist Rules and are made available on the Company's website at www.ixbiopharma.com.

All shareholders of the Company will receive notices of all general meetings including the forthcoming AGM. The Company will comply with its Constitution, the Companies Act and the Catalist Rules in respect of the requisite notice periods for convening general meetings. The Notice of an AGM is accompanied by the Company's annual report. Any notice of an extraordinary general meeting will also be accompanied by a circular or letter to shareholders, providing sufficient detail on the proposals to be considered at the meeting. Circulars sent to shareholders also contain a notice on their cover page that if shareholders are in any doubt as the action they should take, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All notices of all general meetings will be advertised in a national newspaper in Singapore as well as announced on SGXNET.

The Company does not have a policy on payment of dividend. Saved as disclosed below, the Board would consider a dividend policy at an appropriate time.

The Board has not declared or recommended any dividend for FY2019, as the Company has been incurring net operating losses from its product development and, more recently, commercialisation activities.

The Company does not have an internal investor relations team but has designated personnel, assisted by an external investor relations firm, to handle investor queries and deal with all matters related to investor relations.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: The Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Shareholders of the Company will be informed of general meetings and given the opportunity to communicate their views and are encouraged to ask the directors and the Management questions regarding matters affecting the Company.

The Chairman of the Board, chairperson of each of the AC, NC, RM and RMC, or members of the respective Board Committees standing in for them, and the external auditors are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. Management is also present at general meetings to respond, if necessary, to operational questions from shareholders that may be raised. The Chairman of the Board, chairperson of each of the AC, NC, RM and RMC and the external auditors will endeavour to be present at the 2019 AGM to assist the Directors in addressing any relevant queries raised by shareholders. As such, the Board is of the view that shareholders have sufficient opportunity to express their views and address their questions to the Board and Management.

If shareholders are not able to attend these meetings, they can appoint up to two proxies to attend and vote in their place. The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means.

A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act. Resolutions proposed at general meetings on substantive issues, including the election or re-election of each director, are proposed as separately drafted resolutions to allow shareholders to consider and cast their votes properly on issues which are distinct. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the Notice of AGM in the Annual Report.

The Company will put all resolutions to vote by poll at general meetings. Shareholders present in person or represented by proxy at the meetings will be entitled to vote on a 'one-share, one-vote' basis on all resolutions. Detailed results of the number of votes cast for and against each resolution and the respective percentages will be announced and displayed onscreen at the meetings and via SGXNET after the meetings.

Minutes are taken of all general meetings, and where appropriate, include all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and the responses from the Board and Management. Such minutes, which are subsequently approved by the Board, will be made available to shareholders during office hours upon request.

ADDITIONAL INFORMATION

MATERIAL CONTRACTS

No material contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company and its subsidiaries involving the interest of any executive director, director or controlling shareholder of the Company during FY2019.

INTERESTED PERSON TRANSACTIONS

Particulars of interested person transactions required to be disclosed under Rule 907 of the Catalist Rules are as follows:.

Name of interested person	Aggregate value of all interested person transactions during FY2019 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rule)	Aggregate value of all interested person transactions during FY2019 under shareholders' mandate pursuant to Rule 920 of the Catalist Rule (excluding transactions less than $100,000)
Centrum Capital Pte. Ltd. [1]	Provision of consulting services to the Group. $210,000	–

(1) Non-executive director, Mr. Albert Ho Shing Tung, is a director and shareholder of Centrum Capital Pte. Ltd.

The Group does not have a general mandate for recurrent interested person transactions.

NON-SPONSOR FEES

In accordance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor, CIMB Bank Berhad, Singapore Branch, by the Company for FY2019.

DEALING IN SECURITIES

The Company has issued an internal code on dealings in the Company's securities to the directors and other officers (including employees with access to material non-public price-sensitive information) of the Group. The directors and other officers are prohibited from dealing in the Company's securities at least two weeks before and up to the announcement of the Group's quarterly results and one month before and up to the announcement of the Group's full year results. They are also advised not to deal in the Company's securities on short-term considerations and in circumstances where they have access to material non-public price-sensitive information. They are also advised to observe all applicable insider trading laws at all times even when dealing in securities within the permitted trading period. The Company has complied with Rule 1204(19) of the Catalist Rules.

USE OF PROCEEDS

(a) Initial Public Offer

Pursuant to the IPO, the Company received total proceeds of $30.13 million (IPO Proceeds). As at 30 June 2019, the IPO Proceeds has been utilised as follows:

	Amount after re-allocation	Amount utilised	Balance
	$'000	**$'000**	**$'000**
To fund the clinical trials for the development of our products, and for preparing and submitting an Abbreviated New Drug Application or New Drug Application as the case may be, to the US Food and Drug Administration for marketing approval and commercialisation of our products in the US, and where it is commercially viable to do so, in other parts of the world upon receipt of the relevant regulatory approvals	15,286	(15,286)	–
To fund the development, manufacturing and marketing activities required for our pharmaceutical and nutraceutical products in the pipeline, including Wafermine, Wafesil (formerly PheoniX), Silcap (formerly XCalibur) and the Entity line of nutraceutical products	9,414	(2,810)	6,604
General working capital and other general corporate expenses	2,913	(2,913)	–
Listing expenses	2,517	(2,517)	–
Total	**30,130**	**(23,526)**	**6,604**

Details of working capital used:

	$'000
Professional fees	617
Payroll and directors' fees	1,596
Trademark and patents	67
Rental, office expenditure and other operating expenses	633
Total	**2,913**

The above utilisation of the IPO Proceeds is in accordance with the intended use as stated in the Offer Document dated 10 July 2015 and as subsequently re-allocated by the Company in its announcement on 25 June 2018.

(b) Private Placement

Pursuant to the private placement of 14,358,000 shares on 21 April 2016, the Company received net proceeds of $4.85 million (Placement Proceeds). As at 30 June 2019, the Placement Proceeds has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	$'000	$'000	$'000
Registration of the Company's products with appropriate agencies for approval to sell the products, and for marketing of the Company's products	3,849	(3,849)	–
Acquisition of new product packaging equipment	1,000	(1,000)	–
Total	**4,849**	**(4,849)**	**–**

The above utilisation of the Placement Proceeds is in accordance with the intended use as stated in the Company's announcement dated 14 April 2016.

(c) Rights Issue

Pursuant to the rights issue of 24,584,284 shares on 21 July 2016, the Company received net proceeds of $5.03 million ("Rights Proceeds"). As at 30 June 2019, the Rights Proceeds has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	$'000	$'000	$'000
Development of the Company's pipeline products (including undertaking clinical trials and registration of such products with appropriate agencies for marketing approval) and for marketing of the Company's products	4,028	(4,028)	–
Acquisition of new product packaging equipment	1,000	(1,000)	–
Total	**5,028**	**(5,028)**	**–**

The above utilisation of the Rights Proceeds is in accordance with the intended use as stated in the Company's Offer Information Statement dated 24 June 2016.

Statutory Reports and Financial Statements

Directors' Statement

For the financial year ended 30 June 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2019 and the balance sheet of the Company as at 30 June 2019.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 57 to 120 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Eddy Lee Yip Hang
Albert Ho Shing Tung
Low Weng Keong
Claudia Teo Kwee Yee

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options and share plan" in this statement.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	End of financial year	Beginning of financial year	End of financial year	Beginning of financial year
iX Biopharma Ltd. (No. of ordinary shares)				
Eddy Lee Yip Hang	**165,119,020**	165,119,020	**17,460,982**	17,460,982
Albert Ho Shing Tung	**8,250,099**	7,799,999	**130,000**	130,000
Low Weng Keong	**1,170,252**	1,170,252	**-**	-
Claudia Teo Kwee Yee[(1)]	**-**	-	**70,000**	70,000

(1) Ms. Claudia Teo Kwee Yee's deemed interest of 70,000 shares are held in the name of her spouse.

(b) The directors' interests in the ordinary shares of the Company as at 21 July 2019 were the same as those as at 30 June 2019.

Share Options and Share Plan

(a) Share Option Scheme and Share Plan

The iX Employee Share Option Scheme (the "Share Option Scheme") and the iX Performance Share Plan (the "Share Plan") for directors and employees of the Group were approved by members of the Company at the Extraordinary General Meeting on 17 June 2015.

The Share Option Scheme is a share incentive plan to provide eligible participants with an opportunity to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Group.

The Share Plan contemplates the award of fully-paid shares to participants after certain pre-determined benchmarks have been met to reward, retain and motivate employees of the Group to achieve superior performance. Under the Share Plan, awards may be granted to controlling shareholders, non-executive directors, key management personnel, and employees of the Group ("participants"). Participants are not required to pay for the grant of awards. The eligibility of participants of the Share Plan and details of each award are determined at the absolute discretion of the Board of Directors.

The aggregate number of shares which may be issued pursuant to awards granted under the Share Plan on any date, when added to the number of shares issued and issuable in respect of (a) all awards granted under the Share Plan, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan, shall not exceed 15% of the number of all issued shares on the day preceding that date.

The Share Option Scheme and Share Plan shall be administered by the members of the Board comprising of the following:

Eddy Lee Yip Hang (Chairman)
Albert Ho Shing Tung
Low Weng Keong
Claudia Teo Kwee Yee

During the financial year, no options were granted under the Share Option Scheme and on 16 November 2018, 4,633,333 share awards were granted under the Share Plan. No award was granted to a Director or controlling shareholder (and each of their associates).

Share Options and Share Plan (continued)

(a) Share Option Scheme and Share Plan (continued)

As of 30 June 2019, the Company has not granted any options under the Share Option Scheme since its inception.

Disclosure in accordance to the Rules of the Share Plan is as follows:

Name of participant	Number of shares allotted pursuant to Release of Awards under the Share Plan during the financial year under review	Number of existing shares purchased for delivery pursuant to release of awards under the Share Plan during the financial year under review	Aggregate number of shares allotted and existing shares purchased for delivery since commencement of the Share Plan to end of the financial year under review	Aggregate number of shares comprised in awards outstanding as at end of financial year under review
(i) directors and controlling shareholders of the Company and their associates				
Mr. Eddy Lee Yip Hang	-	-	2,239,000	-
(ii) other participants	1,898,333	-	3,163,666	4,100,000
Total	1,898,333	-	5,402,666	4,100,000

Mr. Eddy Lee Yip Hang is also a controlling shareholder of the Company.

Save as disclosed above, no share awards have been granted to other controlling shareholders or their associates, and no employee has been granted with 5% or more of the total share awards available under the Share Plan.

Details of awards granted since the inception of the Share Plan are as follows:

Grant date	Conditional awards granted during financial year under review (including terms)	Aggregate conditional awards granted since commencement of the plan to end of financial year under review	Aggregate award released since commencement of the plan to end of financial year under review	Aggregate conditional awards outstanding as at end of financial year under review
30 September 2016	-	3,504,333	3,504,333	-
10 November 2017	-	1,398,000	1,365,000	-
16 November 2018	4,633,333	4,633,333	533,333	4,100,000
Total	4,633,333	9,535,666	5,402,666	4,100,000

Share Options and Share Plan (continued)

(b) Share awards granted but not vested

The number of unissued ordinary shares of the Company under the Share Plan outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under the Share Plan at 30.06.2019	Vesting period
iX Performance Share Plan	2,600,000	12 months from the award date

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Low Weng Keong (Chairman)
Albert Ho Shing Tung
Claudia Teo Kwee Yee

All members of the Audit Committee were non-executive directors and the majority are independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2019 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Eddy Lee Yip Hang
Director

Albert Ho Shing Tung
Director

16 September 2019

Independent Auditor's Report

To The Members Of iX Biopharma Ltd.

Report on the financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of iX Biopharma Ltd. ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) in Singapore ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 30 June 2019;
- the consolidated balance sheet of the Group as at 30 June 2019;
- the balance sheet of the Company as at 30 June 2019;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent Auditor's Report

To The Members Of iX Biopharma Ltd.

Our Audit Approach (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Impairment of goodwill, intangible assets and property, plant and equipment ("PPE")

As at 30 June 2019, iX Biopharma Ltd ("the Group") had a carrying value of $308,000 in goodwill, $152,000 in depreciable intangible assets and $7,636,000 in PPE.

Management is required to perform an impairment assessment of goodwill annually and assess whether there is any indication that the intangible assets and PPE may be impaired.

This is a key audit matter due to the significant judgement involved in determining the recoverable amount of the PPE, including establishing the reasonableness of the key inputs used by management in the cash flow projection. Changes in the key inputs can trigger potential impairment of goodwill, intangible assets, plant and equipment.

The key estimates and assumptions are disclosed in Note 18 and Note 3(a) to the accompanying financial statements respectively.

How our audit addressed the key audit matter

For impairment assessment of freehold land and building, we assessed the appropriateness of the comparable transactions used by management in determining the valuation of the Group's property and we did not note any trigger for impairment.

For impairment assessment of goodwill, intangible assets, plant and equipment, our audit procedures included detailed evaluation of the Group's cash flow forecast by performing the procedures which includes:

- assessing and comparing the key inputs used in the forecast model being the revenue growth rate, the discount rate and the terminal growth rate where applicable, by reference to external source of information and financial budget approved by management;
- comparing the current year results with the prior year forecast to consider whether any forecast included assumptions that with hindsight had been optimistic and where there were deviation from past forecast, understand the circumstances leading to it, and assessed how the revised forecast and projections were updated to reflect management's planned course of actions; and
- considered management's assessment of the timing and likelihood of the commercialisation of certain products used in the cash flow forecast, and whether revision to the timing of commercialisation would impact the recoverable amount.

We noted that the key inputs used in the cash flow forecast are reasonable.

We have stress-tested the cash flow forecast by considering the extent of change in these key inputs and we did not note any trigger for impairment.

We have also assessed the adequacy of the disclosures relating to the estimates and judgements made and found the disclosures in the financial statements to be appropriate.

Independent Auditor's Report

To The Members Of iX Biopharma Ltd.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

To The Members Of iX Biopharma Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Peter Low Eng Huat.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 16 September 2019

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Continuing operations			
Revenue	4	**671**	246
Cost of sales		**(1,200)**	(493)
Gross loss		**(529)**	(247)
Other income	5	**759**	1,773
Expenses			
- Research and development		**(3,765)**	(8,031)
- Sales and marketing		**(2,024)**	(1,691)
- General and administrative		**(5,821)**	(5,704)
- Others	8	**(1,656)**	(1,085)
- Finance	9	**(232)**	(250)
Total expenses		**(13,498)**	(16,761)
Loss from continuing operations before income tax	6	**(13,268)**	(15,235)
Income tax credit/(expense)	10	**22**	(52)
Loss from continuing operations		**(13,246)**	(15,287)
Discontinued operation			
(Loss)/profit from discontinued operation, net of tax	11	**(94)**	193
Gain on disposal of subsidiary	13	**10,349**	–
Profit from discontinued operation		**10,255**	193
Total loss		**(2,991)**	(15,094)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains - net of tax	26(a)	**1,447**	582
- Reclassification on disposal of a subsidiary	13	**(185)**	–
Other comprehensive income, net of tax		**1,262**	582
Total comprehensive loss		**(1,729)**	(14,512)
(Loss)/earnings per share for (loss)/profit from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic (loss)/earnings per share			
From continuing operations	12(a)	**(2.06)**	(2.38)
From discontinued operation	12(a)	**1.59**	0.03
Diluted (loss)/earnings per share			
From continuing operations	12(b)	**(2.06)**	(2.38)
From discontinued operation	12(b)	**1.59**	0.03

The accompanying notes form an integral part of these financial statements.

Balance Sheet - Group

As at 30 June 2019

	Note	GROUP 30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
ASSETS				
Current assets				
Cash and cash equivalents	13	**15,872**	21,066	31,088
Trade and other receivables	14	**1,425**	2,033	2,973
Other current assets	16	**362**	486	521
Inventories	15	**850**	528	–
		18,509	24,113	34,582
Non-current assets				
Deposits - operating lease		**81**	–	79
Intangible assets	17	**460**	865	1,398
Property, plant and equipment	18	**7,636**	8,096	8,191
		8,177	8,961	9,668
Total assets		**26,686**	33,074	44,250
LIABILITIES				
Current liabilities				
Trade and other payables	20	**2,310**	6,776	3,501
Borrowings	21	**211**	285	271
Provision	22	**10**	71	101
		2,531	7,132	3,873
Non-current liabilities				
Provision	22	**36**	61	65
Deferred government grant	23	**–**	17	35
Borrowings	21	**3,620**	4,254	4,480
Deferred income tax liabilities	24	**–**	90	172
		3,656	4,422	4,752
Total liabilities		**6,187**	11,554	8,625
NET ASSETS		**20,499**	21,520	35,625
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	**71,525**	71,129	70,131
Other reserves	26	**2,211**	637	646
Accumulated losses		**(53,237)**	(50,246)	(35,152)
Total equity		**20,499**	21,520	35,625

The accompanying notes form an integral part of these financial statements.

Balance Sheet - Company

As at 30 June 2019

	Note	COMPANY 30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
ASSETS				
Current assets				
Cash and cash equivalents	13	**14,308**	18,880	28,527
Trade and other receivables	14	**10,871**	5,220	2,957
Other current assets	16	**171**	305	166
		25,350	24,405	31,650
Non-current assets				
Deposits - operating lease		**81**	–	79
Intangible assets	17	**102**	–	–
Property, plant and equipment	18	**256**	124	180
Investments in subsidiaries	19	**1,966**	5,404	5,404
		2,405	5,528	5,663
Total assets		**27,755**	29,933	37,313
LIABILITY				
Current liabilities				
Trade and other payables	20	**1,149**	1,416	1,276
Borrowings	21	**23**	–	–
		1,172	1,416	1,276
Non-current liability				
Borrowings	21	**80**	–	–
		80	–	–
Total liabilities		**1,252**	1,416	1,276
NET ASSETS		**26,503**	28,517	36,037
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	**71,525**	71,129	70,131
Other reserves	26	**508**	196	787
Accumulated losses		**(45,530)**	(42,808)	(34,881)
Total equity		**26,503**	28,517	36,037

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2019

	Note	Attributable to equity holders of the Company				
		Share capital	Share based payment reserve	Currency translation reserve	Accumulated losses	Total equity
		$'000	$'000	$'000	$'000	$'000
2019						
Balance as at 30 June 2018		**71,129**	**196**	**441**	**(50,246)**	**21,520**
Adoption of SFRS (I)		–	–	–	–	–
Balance as at 1 July 2018		**71,129**	**196**	**441**	**(50,246)**	**21,520**
Loss for the year		–	–	–	(2,991)	(2,991)
Other comprehensive income for the year		–	–	1,262	–	1,262
Total comprehensive loss for the year		–	–	1,262	(2,991)	(1,729)
Share based payment scheme						
- Value of employees' services	26(b)(ii)	–	708	–	–	708
- Shares issued pursuant to iX Performance Share Plan	26(b)(ii)	396	(396)	–	–	–
Total transactions with owners, recognised directly in equity		396	312	–	–	708
Balance as at 30 June 2019		**71,525**	**508**	**1,703**	**(53,237)**	**20,499**
2018						
Balance as at 1 July 2017		70,131	787	(141)	(35,152)	35,625
Loss for the year		-	-	-	(15,094)	(15,094)
Other comprehensive income for the year	26(a)	-	-	582	-	582
Total comprehensive loss for the year		-	-	582	(15,094)	(14,512)
Share based payment scheme						
- Value of employees' services	26(b)(ii)	-	407	-	-	407
- Shares issued pursuant to iX Performance Share Plan	26(b)(ii)	998	(998)	-	-	-
Total transactions with owners, recognised directly in equity		998	(591)	-	-	407
Balance as at 30 June 2018		71,129	196	441	(50,246)	21,520

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Total loss after tax		**(2,991)**	(15,094)
Adjustments for:			
- Deferred government grant income		**(16)**	(17)
- Depreciation and amortisation expense		**1,216**	1,407
- Gain on disposal of subsidiary		**(10,349)**	-
- Income tax credit		**(44)**	(61)
- Interest income		**(194)**	(223)
- Interest expense		**249**	267
- Provision expense		**67**	(27)
- Research and development tax incentive		**(208)**	(1,207)
- Share based payment expense		**708**	407
- Loss on disposal of property, plant and equipment		**-**	8
- Unrealised currency exchange losses - net		**1,343**	978
		(10,219)	(13,562)
Changes in working capital, net of effect from disposal of subsidiary:			
- Trade and other receivables		**(31)**	196
- Other current assets		**(68)**	98
- Trade and other payables		**(3,422)**	3,378
- Inventories		**(350)**	(528)
Cash used in operations		**(14,090)**	(10,418)
Interest received		**189**	247
Research and development tax incentive received		**-**	1,809
Net cash used in operating activities		**(13,901)**	(8,362)
Cash flows from investing activities			
Additions to property, plant and equipment [Note (a)]		**(1,534)**	(1,118)
Additions to intangible assets		**(154)**	(68)
Disposal of a subsidiary, net of cash disposed of	13	**11,432**	-
Net cash generated from/(used in) investing activities		**9,744**	(1,186)
Cash flows from financing activities			
Increase in fixed deposits pledged		**(763)**	-
Repayment of borrowings		**(565)**	(289)
Proceeds from borrowings		**-**	308
Interest paid		**(249)**	(267)
Net cash used in financing activities		**(1,577)**	(248)
Net decrease in cash and cash equivalents		**(5,734)**	(9,796)
Cash and cash equivalents			
Beginning of financial year		**20,666**	30,688
Effects of currency translation on cash and cash equivalents		**(223)**	(226)
End of financial year	13	**14,709**	20,666

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2019

Reconciliation of liabilities arising from financing activities

	1 July 2018 $'000	Principal and interest payments $'000	Non-cash changes $'000			30 June 2019 $'000
			Acquisition	Interest expense	Foreign exchange movement	
Borrowings	4,539	(814)	124	249	(267)	**3,831**

	1 July 2017 $'000	Principal and interest payments $'000	Non-cash changes $'000		30 June 2018 $'000
			Interest expense	Foreign exchange movement	
Borrowings	4,751	(248)	267	(231)	4,539

Non-cash transaction

(a) During the year, the Group had acquired a motor vehicle under a hire purchase arrangement. The principal amount of financing was $124,000 and is repayable over 60 months.

The accompanying notes form an integral part of these financial statements.

Notes to The Financial Statements

For the financial year ended 30 June 2019

1. General information

iX Biopharma Ltd. (the "Company") is a public limited liability company and incorporated and domiciled in Singapore. The address of its registered office is 80 Robinson Road, #02-00 Singapore 068898. The address of its principal place of business is 1 Kim Seng Promenade, #14-01 Great World City East Tower, Singapore 237994.

The principal activities of the Group are the development, manufacture and commercialisation of innovative therapies for the treatment of acute and breakthrough pain, and other health conditions.

The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are disclosed in Note 19.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted the SFRS(I) on 1 July 2018. These financial statements for the year ended 30 June 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

The Group's opening balance sheet has been prepared as at 1 July 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Leases

The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(ii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 June 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

(iii) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 July 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- for the financial year ended 30 June 2018, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

(b) As a result of these exemptions applied, there were no adjustments to the previously issued SFRS financial statements arising from the transition from SFRS to SFRS(I).

2. Significant accounting policies (continued)

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from the sale of goods is recognised when control of the products has transferred to its customer, being when the Group has delivered the products to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract (i.e. at a point in time).

(b) Rendering of service – Development and manufacturing service

Revenue from development and manufacturing service is recognised when the service is rendered and the finished product is delivered to the customer (i.e. at a point in time).

(c) Rendering of service - Consultancy and chemical analysis services

Revenue from consultancy and chemical analysis services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed (i.e. over time).

(d) Interest income

Interest income from bank deposits is recognised using the effective interest method.

2.4 Deferred government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Deferred government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Deferred government grants relating to expenses are shown separately as other income.

Deferred government grants relating to property, plant and equipment are presented in the balance sheet by setting up the grant as deferred income and subsequently amortised over the periods to match them with the related depreciation expense of the assets. The income is presented as a credit to the statement of comprehensive income within "other income".

2. Significant accounting policies (continued)

2.5 Group accounting

Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2.6 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	40 years
Computers	3 - 5 years
Office equipment	3 - 5 years
Plant and equipment	3 - 20 years
Furniture and fittings	3 - 5 years
Leasehold improvement	3 - 10 years
Motor vehicles	8 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(b) Acquired technological know-how

Technological know-how acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over five years, which is the estimated useful life.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.7 Intangible assets (continued)

(c) Computer software licences

Computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the assets for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment loses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three to five years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries
(continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Financial assets

Loans and receivables
Cash at bank
Trade and other receivables
Other current assets (excluding prepayments)

The accounting for financial assets before 1 July 2018 are as follows:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in any active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. "Other current assets (excluding prepayments)" (Note 16), "trade and other receivables" (Note 14) and "cash and cash equivalents" (Note 13) on the balance sheet form part of loans and receivables.

Loans and receivables are initially recognised at their fair values plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

Loans and receivables
Cash at bank
Trade and other receivables
Other current assets (excluding prepayments)
(continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for loans and receivables from 1 July 2018 are as follows:

Loans and receivables are classified as financial assets subsequently measured at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Loans and receivables are initially measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. "Other current assets (excluding prepayments)" (Note 16), "trade and other receivables" (Note 14) and "cash and cash equivalents" (Note 13) on the balance sheet form part of loans and receivables.

Loans and receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Group assesses on a forward looking basis the expected credit losses associated with its loans and receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28(b) details how the Group determines whether there has been a significant increase in credit risk.

For third party trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits, receivables from subsidiaries, other receivables, and other current assets (excluding prepayments), the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Significant accounting policies (continued)

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that exist at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques such as discounted cash flow analysis are also used to determine the fair value of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

When the Group is the lessee

The Group leases office, motor vehicle and a residential apartment under operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2. Significant accounting policies (continued)

2.15 Leases (continued)

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2. Significant accounting policies (continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore or employees' designated superannuation fund in Australia, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by the employees up to the balance sheet date.

(c) Share-based compensation

(i) Share options

The Group operates an equity-settled, share-based compensation plan. The value of the employee and consultant services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share based payment reserve over the remaining vesting period. When the options are exercised, the proceeds received (net of transaction costs) and the related balances previously recognised in the share based payment reserve are credited to share capital account, when new ordinary shares are issued.

2. Significant accounting policies (continued)

2.19 Employee compensation (continued)

(c) Share-based compensation (continued)

(ii) Share awards

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of awards is recognised as an expense with a corresponding increase in the share based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the awards granted on the date of the award. Non-market vesting conditions are included in the estimation of the number of shares under awards that are expected to issue on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under awards that are expected to issue on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share based payment reserve over the remaining vesting period. When the awards are issued, the related balances previously recognised in the share based payment reserve are credited to share capital account, when new ordinary shares are issued.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors who are responsible for allocating resources and assessing performance of the operating segments.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Research and development expenses

Research and development costs are expensed as incurred. Development expenditure is capitalised when the criteria for recognising an asset are met, usually when the compound receives regulatory approval. The capitalised expenditure is recorded as intangible assets and depreciated in accordance with the Group's policy.

2.26 Discontinued operation

A discontinued operation is a component of the Group that has been disposed of and represents a separate major line of business of the Group.

3. Critical accounting estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

(a) Impairment of goodwill, depreciable intangible assets and property, plant and equipment

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Depreciable intangible assets and property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amount for the cash generating unit ("CGU") has been calculated based on the value-in-use. Cash flow forecast used in value-in-use calculation requires the use of estimates on critical assumptions such as revenue growth rate, discount rate and the terminal growth rate. The critical assumptions used for impairment testing are included in Note 17 and Note 18.

(b) Useful lives of property, plant and equipment and technological know-how

Property, plant and equipment and technological know-how are depreciated/amortised on a straight-line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment and technological know-how are disclosed in Note 2.5(b) and 2.6(b) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and/or the residual values of these assets, and therefore future depreciation and amortisation charges could be revised.

4. Revenue from contracts with customers

During the year, the Group derives revenue from the transfer of good and services at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	Group	
	2019	**2018**
	$'000	**$'000**
Pharmaceutical products		
- Australia	**90**	90
Development and manufacturing services		
- Australia	**303**	–
Nutraceutical products		
- Singapore	**88**	134
- Australia	**190**	22
	278	156
Total revenue	**671**	246

5. Other income

	Group	
	2019	2018
	$'000	$'000
Interest income – bank deposits	**194**	219
Interest income – others	**–**	4
Deferred government grant (Note 23)	**16**	17
Research and development tax incentive (Note 10)	**208**	1,207
Rental income (Note 11)	**308**	249
Others	**33**	77
Total other income	**759**	1,773

The research and development ("R&D") tax incentive is a programme administered jointly by the Australian Taxation Office and Innovation Australia to provide a tax refund at a rate of 43.5% (2018: 43.5%) or reduction in tax liability as applicable for qualifying expenditure incurred in Australia by the subsidiaries.

6. Loss from continuing operations before income tax

The following items have been included in arriving at loss for the year:

	Group	
	2019	2018
	$'000	$'000
Raw materials and consumables used	**317**	210
Changes in inventories of finished goods and work-in-progress	**(135)**	–
Inventory write-down	**19**	–
Impairment loss on financial assets	**3**	–
Employee compensation expense (Note 7)	**6,381**	5,594
Depreciation of property, plant and equipment	**621**	501
Amortisation of computer software	**2**	5
Audit fees paid/payable to:		
- Auditor of the Company	**110**	79
- Other auditors*	**166**	61
Clinical trials and related expenses	**1,611**	5,584
Professional and consultancy expenses	**852**	748
Rental expense and operating leases	**245**	319
Trademarks and patents related expense	**306**	484
Advertising and marketing expenses	**666**	834
Travelling and accommodation expenses	**594**	649
Telephone and utilities	**315**	362
Repairs and maintenance expenses	**222**	–
Regulatory approval expenses	–	208
Information technology support expenses	**142**	93
Insurance expenses	**129**	155

* *Includes other PricewaterhouseCoopers firm outside Singapore*

7. Employee compensation expense

	Group	
	2019	**2018**
	$'000	**$'000**
Wages and salaries	**4,624**	4,325
Employer's contribution to defined contribution plans	**342**	314
Share based payment expense (Note 26(b)(ii))	**708**	407
Other staff benefits	**707**	548
Total employee compensation expense	**6,381**	5,594

8. Other expenses

	Group	
	2019	**2018**
	$'000	**$'000**
Currency exchange losses – net	**1,656**	1,085
Total other expenses	**1,656**	1,085

9. Finance expense

	Group	
	2019	**2018**
	$'000	**$'000**
Interest on bank borrowings	**232**	250
Total finance expense	**232**	250

10. Income taxes

	Group	
	2019	**2018**
	$'000	**$'000**
Tax credit attributable to loss is made up of:		
Deferred tax credit (Note 24)	**22**	(52)
Income tax credit	**22**	(52)

10. Income taxes (continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Loss before income tax	**(13,268)**	(15,235)
Tax calculated at tax rate of 17% (2018: 17%)	**(2,256)**	(2,590)
Effects of:		
- different tax rates in other countries	**(647)**	(854)
- tax incentives	**–**	–
- expenses not deductible for tax purposes	**875**	792
- income not subject to tax	**(159)**	–
- deferred tax benefits not recognised	**2,165**	2,600
Income tax credit/(expenses)	**22**	(52)

The tax incentives pertain to Productivity and Innovation Credit Scheme for qualifying expenditures incurred on qualifying activities in Singapore.

Movements in research and development ("R&D") tax incentive receivable are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Beginning of financial year	**1,073**	1,739
Research and development tax incentive		
- R&D tax incentive income during the year (Note 5)	**463**	1,104
- R&D tax incentive income (over)/under provision in prior year (Note 5)	**(255)**	103
	208	1,207
Research and development tax incentive received	**–**	(1,809)
Currency translation differences	**(77)**	(64)
End of financial year	**1,204**	1,073

Comprise of:

	Group	
	2019	**2018**
	$'000	**$'000**
Research and development tax incentive receivable (Note 14)	**1,204**	1,073

11. Discontinued operation

On 15 March 2019, the Group disposed of its wholly owned subsidiary, Chemical Analysis Pty Ltd ("CAPL"). Accordingly, the Group decided to account and report all laboratory testing activities of CAPL, prior to its disposal as part of "Discontinued operation" in the current financial year and re-presented its comparative in the Consolidated Statement of Comprehensive Income. Please refer to Note 13 for the disclosure of cash flow impact to the Group on disposal.

(a) The results of the discontinued operation is as follows:

	2019 $'000	2018 $'000
Revenue	**4,078**	6,287
Cost of sales	**(3,227)**	(4,662)
Gross profit	**851**	1,625
Expenses		
- Sales and marketing	**(145)**	(387)
- General and administrative	**(806)**	(1,139)
- Finance	**(16)**	(17)
Total expenses	**(967)**	(1,543)
(Loss)/profit before income tax	**(116)**	82
Income tax credit	**22**	111
(Loss)/profit from discontinued operation	**(94)**	193

For the purpose of this disclosure, the total expenses of discontinued operation include inter-company rental arrangement between continuing operations and discontinued operation prior to disposal (i.e. not eliminated). The effects of the elimination are presented below:

	2019 $'000	2018 $'000
Rental income – continuing operations (Note 5)	**308**	249
Rental expense – discontinued operation	**(205)**	(249)
Rental income after eliminating inter-company rental arrangement	**103**	–

11. Discontinued operation (continued)

The impact of the discontinued operation on the cash flows of the Group for the financial years ended 30 June 2019 and 2018 were as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Operating cash inflows	**(762)**	544
Investing cash outflows	**11,375**	(263)
Financing cash outflows	**(373)**	193
Total cash outflows	**10,240**	474

12. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group					
	Continuing operations		**Discontinued operation**		**Total**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net (loss)/profit attributable to equity holders of the Company	**(13,246)**	(15,287)	**10,255**	193	**(2,991)**	(15,094)
Weighted average number of ordinary shares outstanding for basic loss per share	**643,829,573**	641,548,952	**643,829,573**	641,548,952	**643,829,573**	641,548,952
Basic (loss)/profit per share (cents per share)	**(2.06)**	(2.38)	**1.59**	0.03	**(0.47)**	(2.35)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

12. Loss per share (continued)

(b) Diluted loss per share (continued)

For share options, the weighted average number of shares in issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

For share awards, the weighted average number of shares in issue has been adjusted as if all dilutive share awards were vested. The number of shares that could have been issued upon the vesting of all dilutive share awards is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

	Group					
	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Net (loss)/profit attributable to equity holders of the Company	**(13,246)**	(15,287)	10,255	193	**(2,991)**	(15,094)
Weighted average number of ordinary shares outstanding for basic loss per share	**643,829,573**	641,548,952	**643,829,573**	641,548,952	**643,829,573**	641,548,952
Adjustments for:						
- Share awards	–	–	4,100,000	1,365,000	**4,100,000**	1,365,000
	643,829,573	641,548,952	**647,929,573**	642,913,952	**647,929,573**	642,913,952
Diluted (loss)/profit per share (cents per share)	**(2.06)**	(2.38)	**1.59**	0.03	**(0.46)**	(2.35)

The Company has 4,100,000 (2018: 1,365,000) share awards that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted loss per share for continuing operations above because they are antidilutive for the financial year presented, having the effect of decreasing the loss per share.

13. Cash and cash equivalents

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and on hand	**15,872**	21,066	31,088	**14,308**	18,880	28,527

13. Cash and cash equivalents (continued)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Cash and bank balances (as above)	**15,872**	21,066	31,088
Less: Bank deposits pledged	**(1,163)**	(400)	(400)
Cash and cash equivalents per consolidated statement of cash flows	**14,709**	20,666	30,688

Bank deposits are pledged as security for bank credit facilities.

Disposal of subsidiary

On 15 March 2019, the Group disposed of its wholly owned subsidiary, Chemical Analysis Pty Ltd. The effects of the disposal on the cash flows of the Group were:

	Group
	At 15 March 2019
	$'000
Carrying amounts of assets and liabilities as at date of disposal:	
Cash and cash equivalents	**226**
Trade and other receivables	**650**
Other current assets	**172**
Property, plant and equipment	**839**
Intangible assets	**150**
Total assets	**2,037**
Trade and other payables	**928**
Provisions	**147**
Deferred tax liabilities	**42**
Total liabilities	**1,117**
Net assets disposed of	**920**
Cash inflows arising from disposal:	
Net assets disposed of (as above)	**920**
Reclassification of currency translation reserve	**185**
Total assets	**1,105**
Transaction costs	**204**
Gain on disposal	**10,349**
Cash proceeds on disposal	**11,658**
Less: Cash and cash equivalents in subsidiary disposed of	**(226)**
Net cash inflow on disposal	**11,432**

14. Trade and other receivables

	Group			Company		
	30 June 2019	**30 June 2018**	**1 July 2017**	**30 June 2019**	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables						
- Non-related parties	**45**	832	916	**–**	–	–
- Related companies	**–**	–	–	**2,595**	1,365	1,038
Accrued income - trade	**–**	–	–	**–**	–	–
GST receivable	**75**	94	263	**10**	26	31
Research and development tax incentive receivable (Note 10)	**1,204**	1,073	1,739	**–**	–	–
Other receivables						
- Non-related parties	**104**	34	42	**5**	34	42
- Related companies	**–**	–	–	**26,045**	17,575	14,054
	104	34	42	**26,050**	17,609	14,096
Less: Allowance for impairment	**(3)**	–	–	**(17,784)**	(13,780)	(12,208)
Other receivable - net	**101**	34	42	**8,266**	3,829	1,888
	1,425	2,033	2,973	**10,871**	5,220	2,957

The research and development ("R&D") tax incentive is a programme administered jointly by the Australian Taxation Office and Innovation Australia to provide a tax refund at a rate of 43.5% (2018: 43.5%) or reduction in tax liability as applicable for qualifying expenditure incurred in Australia by the subsidiaries.

Other receivables from related companies as at balance sheet date are unsecured, interest free and repayable on demand.

Related companies are subsidiaries of the Company.

15. Inventories

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Raw materials	631	459	–
Work-in-progress	76	8	–
Finished goods	143	61	–
	850	528	–

The cost of inventories recognised as an expense and included in "Cost of sales" amounts to $182,000 (2018: $115,000).

16. Other current assets

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Prepayments	**333**	342	185	**169**	189	103
Deposits	**29**	144	336	**2**	116	63
	362	486	521	**171**	305	166

17. Intangible assets

	Group		
	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000
Composition:			
Goodwill arising on consolidation (Note 17(a))	**308**	327	343
Technological know-how (Note 17(b))	**–**	377	871
Computer software (Note 17(c))	**152**	161	184
	460	865	1,398

(a) Goodwill arising on consolidation

	Group	
	30 June 2019	30 June 2018
	$'000	$'000
Beginning of financial year	**327**	343
Currency translation differences	**(19)**	(16)
End of financial year	**308**	327

Impairment tests for goodwill

Goodwill of the Company is entirely allocated to Specialty Pharmaceutical business segment.

The recoverable amount of the Specialty Pharmaceutical business segment was determined based on value-in-use. Refer to Note 18 for details of the critical assumptions used for impairment testing. The value-in-use computed for impairment testing as of 30 June 2019 was in excess of the carrying value of goodwill.

17. Intangible assets (continued)

(b) Technological know-how

	Group	
	30 June 2019 $'000	30 June 2018 $'000
Beginning of financial year	**377**	871
Less: Amortisation	**(305)**	(467)
Disposal	**(56)**	–
Currency translation differences	**(16)**	(27)
End of financial year	**–**	377

Technological know-how is the approved processes, comprising of chemical processes, standard operating procedures, databases and operating manuals, of the Chemical Analysis business segment acquired from the business combination. These processes have been developed over the years, documented, proceduralised and carried out to meet stringent regulatory standards, and carries significant commercial value.

Management had determined the intangible asset's economic useful life to be 5 years, taking into consideration management's expectations of future developments in the industry and technologies.

(c) Computer software

	Group	
	30 June 2019 $'000	30 June 2018 $'000
Cost		
Beginning of financial year	**334**	279
Additions	**154**	68
Disposals	**(304)**	–
Currency translation differences	**(20)**	(13)
End of financial year	**164**	334
Accumulated amortisation		
Beginning of financial year	**173**	95
Amortisation	**62**	84
Disposals	**(210)**	–
Currency translation differences	**(13)**	(6)
End of financial year	**12**	173
Net book value	**152**	161

	Company	
	30 June 2019 $'000	30 June 2018 $'000
Cost and net book value		
Beginning of financial year	**–**	–
Additions	**102**	–
End of financial year	**102**	–

18. Property, plant and equipment

	Freehold land	Building	Computers	Office equipment	Plant and equipment	Furniture and fittings	Leasehold improvement	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2019									
Cost									
Beginning of financial year	2,876	1,948	248	76	4,697	132	308	79	10,364
Additions	–	–	37	4	1,368	15	28	206	1,658
Disposals	–	–	(104)	(20)	(1,173)	(22)	(86)	–	(1,405)
Currency translation differences	(168)	(114)	(7)	(2)	(234)	(2)	(13)	(5)	(545)
End of financial year	2,708	1,834	174	58	4,658	123	237	280	10,072
Accumulated depreciation									
Beginning of financial year	–	115	168	54	1,762	64	79	26	2,268
Depreciation charge	–	54	36	9	624	31	62	34	850
Disposals	–	–	(82)	(8)	(436)	(8)	(32)	–	(566)
Currency translation differences	–	(9)	(6)	(2)	(92)	(1)	(4)	(2)	(116)
End of financial year	–	160	116	53	1,858	86	105	58	2,436
Net book value									
End of financial year	**2,708**	**1,674**	**58**	**5**	**2,800**	**37**	**132**	**222**	**7,636**
Group									
2018									
Cost									
Beginning of financial year	3,016	2,043	222	76	4,016	124	166	83	9,746
Additions	–	–	51	2	909	9	147	–	1,118
Disposals	–	–	(18)	–	(42)	–	–	–	(60)
Currency translation differences	(140)	(95)	(7)	(2)	(186)	(1)	(5)	(4)	(440)
End of financial year	2,876	1,948	248	76	4,697	132	308	79	10,364
Accumulated depreciation									
Beginning of financial year	–	63	149	36	1,225	36	29	17	1,555
Depreciation charge	–	57	41	19	648	29	52	10	856
Disposals	–	–	(16)	–	(36)	–	–	–	(52)
Currency translation differences	–	(5)	(6)	(1)	(75)	(1)	(2)	(1)	(91)
End of financial year	–	115	168	54	1,762	64	79	26	2,268
Net book value									
End of financial year	2,876	1,833	80	22	2,935	68	229	53	8,096

18. Property, plant and equipment (continued)

	Computers $'000	Office equipment $'000	Furniture and fittings $'000	Leasehold improvement $'000	Motor vehicles $'000	Total $'000
Company						
2019						
Cost						
Beginning of financial year	76	27	96	67	–	266
Additions	6	2	1	–	206	215
End of financial year	82	29	97	67	206	481
Accumulated depreciation						
Beginning of financial year	43	24	45	30	–	142
Depreciation charge	12	2	23	22	24	83
End of financial year	55	26	68	52	24	225
Net book value						
End of financial year	**27**	**3**	**29**	**15**	**182**	**256**
Company						
2018						
Cost						
Beginning of financial year	71	27	95	67		260
Additions	11	–	1	–		12
Disposals	(6)	–	–	–		(6)
End of financial year	76	27	96	67		266
Accumulated depreciation						
Beginning of financial year	33	17	22	8		80
Depreciation charge	15	7	23	22		67
Disposals	(5)	–	–	–		(5)
End of financial year	43	24	45	30		142
Net book value						
End of financial year	33	3	51	37		124

During the financial year ended 30 June 2019, bank borrowings are secured on land and building, certain plant and equipment and motor vehicles of the Group with carrying value of $4,762,000 (2018: $5,334,000) (Note 21).

18. Property, plant and equipment (continued)

Impairment tests

As the Group is still undergoing clinical trials for its pharmaceutical products and has not commenced large scale manufacturing and sale of these products, it has incurred operating losses since its commencement of research and development activities. As such, management has conducted an impairment testing for goodwill, depreciable intangible assets and property, plant and equipment ("PPE").

Specialty Pharmaceutical business segment and Nutraceutical business segment are identified to be the cash-generating units ("CGUs") of the Group.

No impairment review was performed for the Nutraceutical CGU; this is on the basis that there is no goodwill, intangible assets or significant PPE allocated to the CGU, since the nature of its business is the distribution of nutraceutical products that are contract manufactured by the 'Specialty Pharmaceutical' CGU.

For Specialty Pharmaceutical business segment, the recoverable amount was determined based on fair value less costs of disposal for freehold land and building, and based on value-in-use for goodwill, intangible assets and other PPE. The cash flow forecast was based on expected revenue growth over a 10-year period. The Management determined that a 10-year forecast is appropriate as key products of this business segment, which are still undergoing clinical trials and further development, will require more than 5 years to reach a steady state of sales.

Freehold land and building

For freehold land and building, management compared its net book value against recent market prices of comparable properties in the vicinity of the same location to determine whether there had been an impairment indicator.

The impairment review carried out as at 30 June 2019 has revealed that the recoverable amount of freehold land and building is higher than the carrying amount. No impairment loss is recognised during the financial year.

Goodwill, intangible assets and other PPE

Critical assumptions used for the value-in-use calculations for Specialty Pharmaceutical business segment:

- Discount rate of 14% (2018: 16%)
- Terminal growth rate of 2% for goodwill (2018: 2%) and no terminal growth rate applied to depreciable intangible assets and PPE
- Annual revenue growth rates of above 100% for FY2020 to FY2022, between 48% to 90% for FY2023 to FY2024, and between 10% to 16% for FY2025 to FY2029 (2018: Annual revenue growth rates of above 100% for FY2019 and FY2020, between 32% to 67% for FY2021 to FY2023, and between 9% to 23% for FY2024 to FY2028.)

Management determined the terminal growth rate based on the long-term average growth rates in the industry and its expectations of future market developments. The discount rate used was a pre-tax rate and reflected specific risks relevant to the segment. The annual revenue growth rate was determined based on management's forecast of the projected number of patients who will use the products and the respective products selling price.

The impairment review carried out as at 30 June 2019 has revealed that the recoverable amount of the Specialty Pharmaceutical business segment is higher than the carrying amount. No impairment loss is recognised during the financial year.

19. Investments in subsidiaries

	Company		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Equity investments at cost			
Beginning of financial year	**5,405**	5,405	5,405
Additions	**–**(*)	–(**)	–(#)
Disposal	**(3,438)**	–	–
End of financial year	**1,967**	5,405	5,405
Accumulated allowance for impairment			
Beginning and end of financial year	**1**	1	1
Carrying value			
End of financial year	**1,966**	5,404	5,404

* On 16 November 2018, the Group incorporated a wholly-owned subsidiary, iXB Sdn. Bhd., in Malaysia with cost of investment amount to RM2.

** During the financial year ended 30 June 2018, the Group incorporated the following wholly-owned subsidiaries:

Name of companies	**Date of incorporation**	**Country of business/ incorporation**	**Cost of investment 2018**	**Equity holding 2018 %**
Entity Health Ltd	13 July 2017	Hong Kong	HKD 1	100
Entity Health (China) Company Ltd	13 July 2017	Hong Kong	HKD 1	100
Entity Health (Shanghai) Co Ltd	7 November 2017	China	HKD 200,000	100
Entity Health Pty Ltd	9 February 2018	Australia	AUD 2	100

\# On 15 May 2017, the Group incorporated a wholly-owned subsidiary, Entity Health Pte Ltd, in Singapore with cost of investment amounting to $2.

19. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 30 June 2019 and 2018 and 1 July 2017:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2019 %	2018 %	2017 %
Held by the Company					
iX Biopharma Pty Ltd [a]	Research and experimental development	Australia	**100**	100	100
iX Syrinx Pty Ltd ("Syrinx") [a, f]	Manufacturing and sale of pharmaceutical products	Australia	**100**	100	100
Chemical Analysis Pty Ltd ("CAPL") [a]	Trustee of Chemical Analysis Trust	Australia	**–**	100	100
Arrow Property Trust ("APT") [a]	Owner of an industrial property that is leased exclusively to Syrinx and CAT	Australia	**100**	100	100
Kaizen Manufacturing Pty Ltd ("KMPL") [a]	Trustee of Arrow Property Trust	Australia	**100**	100	100
Entity Health Ltd [c]	Promotion and marketing of nutritional and supplements products	Hong Kong	**100**	100	–
iXB Sdn. Bhd. [e]	Research and development, marketing and distribution of health and nutritional products in Malaysia	Malaysia	**100**	–	–
Held by iX Syrinx Pty Ltd					
Chemical Analysis Trust ("CAT") [a]	Provision and sale of laboratory services	Australia	**–**	100	100
Held by Entity Health Ltd					
Entity Health Pte Ltd [b]	Promotion and marketing of nutritional and supplements products	Singapore	**100**	100	100
Entity Health (China) Company Ltd [c]	Investment holding company	Hong Kong	**100**	100	–
Entity Health Pty Ltd [a]	Promotion and marketing of nutritional and supplements products	Australia	**100**	100	–
Held by Entity Health (China) Company Ltd					
Entity Health (Shanghai) Co Ltd [d]	Promotion and marketing of nutritional and supplements products	China	**100**	100	–

(a) Not required to be audited under the laws of the country of incorporation
(b) Audited by PricewaterhouseCoopers LLP, Singapore
(c) Audited by PricewaterhouseCoopers Hong Kong
(d) Audited by Shanghai Tripod Certified Public Accountants
(e) Newly incorporated during the financial year.
(f) Previously known as "Syrinx Pharmaceuticals Pty Ltd".

20. Trade and other payables

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Trade payables:						
- Non-related parties	**466**	3,618	877	**25**	109	147
- Related party	**–**	6	–	**–**	–	–
Deferred revenue	**–**	58	35	**–**	–	–
Advance deposits received from customers	**6**	89	205	**–**	–	–
Accrued operating expenses	**1,585**	2,646	2,023	**971**	1,133	957
Amount due to directors of the Company	**153**	174	172	**153**	174	172
GST payable	**9**	142	152	**–**	–	–
Other payables	**91**	43	37	**–**	–	–
	2,310	6,776	3,501	**1,149**	1,416	1,276

Amount due to directors pertain to accrued fees and bonus as at the financial year end.

Related party is a corporation which is controlled by a director of the subsidiaries of the Company.

21. Borrowings

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Bank borrowings	**211**	285	271	**23**	–	–
	211	285	271	**23**	–	
Non-current						
Bank borrowings	**3,620**	4,254	4,480	**80**	–	–
	3,620	4,254	4,480	**80**	–	
Total borrowings	**3,831**	4,539	4,751	**103**	–	–

21. Borrowings (continued)

Bank borrowings of the Group are secured over land and building, certain plant and equipment and motor vehicles (Note 18).

(i) Borrowings secured over plant and equipment:

	30 June 2019	30 June 2018	1 July 2017
Borrowings ($'000)	**391**	974	990
Interest rates	**Between 4.9% to 5.8% per annum**	**Between 4.9% to 5.8% per annum**	**Between 4.9% to 6.6% per annum**

The borrowings are payable in fixed monthly instalments, with maturity dates on 30 November 2021 and 12 May 2022 (30 June 2018: 30 November 2021 and 12 May 2022, 1 July 2017: 30 November 2021 and 12 May 2022).

(ii) Borrowings secured over motor vehicles:

Group

	30 June 2019	30 June 2018	1 July 2017
Borrowings ($'000)	**118**	37	61
Interest rates	**4.95% and 5.24% per annum**	5.3% and 4.95% per annum	5.3% and 4.95% per annum

The borrowings are payable in fixed monthly instalments up to January 2020 and July 2023 (30 June 2018: October 2018 and July 2020, 1 July 2017: October 2018 and July 2020).

Company

	30 June 2019
Borrowings ($'000)	**103**
Interest rates	**5.24% per annum**

The borrowings are payable in fixed monthly instalments up to July 2023.

(iii) Borrowing secured over land and building:

	30 June 2019	30 June 2018	1 July 2017
Borrowing ($'000)	**3,322**	3,528	3,700
Interest rates	**5.75% per annum from 29 June 2017 to 30 June 2020, at floating interest rate thereafter**		

The borrowing is payable on 30 June 2021.

21. Borrowings (continued)

(iii) Borrowing secured over land and building: (continued)

(a) Fair value of non-current borrowings

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings	**3,620**	4,254	4,480	**80**	–	–

The fair values of current borrowings approximate their carrying values.

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	%	%	%	%	%	%
Bank borrowings	**4.89 to 5.75**	4.89 to 5.75	4.89 to 6.6	**5.24**	–	–

The fair values are within Level 2 of the fair values hierarchy. The fair values measurement hierarchy are defined in Note 28(g).

(b) Undrawn borrowing facilities

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Expiring beyond one year	**1,016**	919	964	**–**	–	–

The available credit facilities with a bank comprise of asset finance leasing and business lending overdraft facilities in order to finance future acquisitions of plant and equipment.

22. Provisions

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Current			
Provision for employees' long service leave	**10**	71	101
Non-current			
Provision for employees' long service leave	**36**	61	65
Total provisions	**46**	132	166

Provisions for employees' long service leave relates to liability due to employees for leave entitlement earned after a certain period of continuous employment, in accordance with Australia labour regulations.

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Provisions for employees' long service leave			
Beginning of financial year	**132**	166	181
Provision made	**62**	46	39
Provision reversed	**(100)**	(73)	(63)
Provision reversed due to the disposal of a subsidiary	**(39)**	–	–
Currency translation differences	**(9)**	(7)	9
End of financial year	**46**	132	166

23. Deferred government grant

	Group	
	2019	**2018**
	$'000	**$'000**
Beginning of financial year	**17**	35
Less: Amortisation (Note 5)	**(16)**	(17)
Currency translation differences	**(1)**	(1)
End of financial year	**–**	17

Deferred government grant relates to grant received from the State of Victoria under Pharmaceutical Sterile Manufacturing Facility Agreement for the establishment of bio-pharmaceutical fill and finish facility, with cold chain management and freeze drying capabilities. The grant was received for expenditure incurred to acquire certain plant and equipment and certain repairs and modification made in accordance with the terms and conditions of the grant agreement. The grants received for assets acquired are recognised over the estimated useful live of the assets.

24. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred income tax liabilities						
- To be settled within one year	**–**	–	65	**–**	–	–
- To be settled after one year	**–**	90	107	**–**	–	–
	–	90	172	**–**	–	–

Movement in deferred income tax account is as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Beginning of financial year	**90**	172	–	–
Tax credit during the year (Note 10)	**22**	(61)	–	–
Disposal of a subsidiary	**(113)**	–	–	–
Currency translation differences	**1**	(21)	–	–
End of financial year	**–**	90	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $47,439,695 (30 June 2018: $40,285,000, 1 July 2017: $18,945,000) and unabsorbed capital allowances of $418,000 (30 June 2018: $409,000, 1 July 2017: $251,000) at the balance sheet date, and the Company has unrecognised tax losses of $33,818,000 (30 June 2018: $30,024,000, 1 July 2017: $14,689,000) and unabsorbed capital allowances of $418,000 (30 June 2018: $409,000, 1 July 2017: $251,000). The unabsorbed tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

24. Deferred income taxes (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Fair value uplift – technological know-how	Accelerated tax depreciation	Total
	$'000	$'000	$'000
2019			
Beginning of financial year	**113**	**145**	**258**
Disposal of a subsidiary	**(113)**	**(138)**	**(251)**
Currency translation differences	**-**	**(7)**	**(7)**
End of financial year	**-**	**-**	**-**
2018			
Beginning of financial year	248	153	401
Tax credit during the year	(113)	(1)	(114)
Currency translation differences	(22)	(7)	(29)
End of financial year	**113**	**145**	**258**

Deferred income tax assets

	Provisions	Total
	$'000	$'000
2019		
Beginning of financial year	**(167)**	**(167)**
Tax credit during the year	**22**	**22**
Disposal of a subsidiary	**138**	**138**
Currency translation differences	**7**	**7**
End of financial year	**-**	**-**
2018		
Beginning of financial year	(229)	(229)
Tax credit during the year	53	53
Currency translation differences	9	9
End of financial year	**(167)**	**(167)**

25. Share capital

	No. of ordinary shares	Amount $'000
Group and Company		
2019		
Beginning of financial year	**642,695,724**	71,129
Shares issued pursuant to iX Performance Share Plan (Note 25(b))	**1,898,333**	396
End of financial year	**644,594,057**	**71,525**
2018		
Beginning of financial year	639,524,724	70,131
Shares issued pursuant to iX Performance Share Plan (Note 25(b))	3,171,000	998
End of financial year	**642,695,724**	**71,129**

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Pursuant to iX Performance Share Plan granted on 30 September 2016, the Company issued 1,365,000 and 533,333 (2018: 3,171,000) ordinary shares to its employees through exercise of the share plans on 16 November 2018 and 14 December 2018 (2018: 10 November 2017) respectively. Refer to Note 25(b) for details of the share options exercised.

26. Other reserves

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Currency translation reserve (Note 25(a))	**1,703**	441	(141)	**–**	–	–
Share based payment reserve (Note 25(b))	**508**	196	787	**508**	196	787
	2,211	637	646	**508**	196	787

26. Other reserves (continued)

(a) Currency translation reserve

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Beginning of financial year	**441**	(141)	–	–
Net currency translation differences of financial statements of foreign subsidiaries	**1,447**	582	–	–
Reclassification on disposal of a subsidiary (Note 13)	**(185)**	–	–	–
End of financial year	**1,703**	441	–	–

(b) Share based payment reserve

(i) Share Option Scheme and Share Plan

The iX Employee Share Option Scheme (the "Share Option Scheme") and the iX Performance Share Plan (the "Share Plan") for directors and employees of the Group were approved by members of the Company at the Extraordinary General Meeting on 17 June 2015.

During the financial year, no options were granted under the Share Option Scheme and on 16 November 2018, 4,633,333 share awards, where 533,333 shares to be vested immediately, 1,500,000 shares to be vested on 1 March 2019 and 2,600,000 shares to be vested 12 months from the date of award were granted under the Share Plan.

Movements in the number of unissued ordinary shares under awards are as follows:

	Beginning of financial year	Awarded during financial year	Expired during financial year	Forfeited during financial year	Issued during financial year	End of financial year
2019						
Share awards						
iX Performance Share Plan	**1,365,000**	**4,633,333**	**-**	**-**	**(1,898,333)**	**4,100,000**
2018						
Share awards						
iX Performance Share Plan	3,171,000	1,398,000	-	(33,000)	(3,171,000)	1,365,000

26. Other reserves (continued)

(b) Share based payment reserve (continued)

(i) Share Option Scheme and Share Plan (continued)

The table below sets out the vested and non-vested share awards as at the financial year ended 30 June 2019 and 30 June 2018.

	2019	2018
Share awards		
Vested and unissued awards	**1,500,000**	–
Non-vested awards	**2,600,000**	1,365,000
	4,100,000	1,365,000

(ii) Movement for share based payment reserve

The movement for share based payment reserve is as follows:

	Group and Company	
	2019	2018
	$'000	$'000
Beginning of financial year	**196**	787
Share based payment scheme		
- Value of employees' services (Note 7)	**708**	407
- Share awards issued (Note 25)	**(396)**	(998)
End of financial year	**508**	196

27. Commitments

Capital commitments

Capital expenditures of $127,000 (30 June 2018: Nil, 1 July 2017: $143,000) for property, plant and equipment contracted for at the balance sheet date but not recognised in the financial statements.

Operating lease commitments - where the Group is a lessee

The Group leases, office premises and residential apartment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

27. Commitments (continued)

Operating lease commitments - where the Group is a lessee (continued)

The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group and Company		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Not later than one year	**380**	257	469
Between one and five years	**245**	43	232
	625	300	701

28. Financial risk management

Financial risk factors

The Group's activities expose it to market risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management framework

The Board of Directors oversees how management monitors and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The framework is reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

Market risk is the risk that changes in market conditions such as changes in exchange rates will affect the Group's income or the carrying value of its financial instruments. The Group does not have any significant price and interest rate risks.

(i) Currency risk

The Group operates in Asia Pacific with operations in Singapore and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies other than functional currency such as the United States Dollars ("USD"). To date, the Group has not hedged any of its currency exposure.

In addition, the Group is exposed to currency translation risk arising from the net assets of its foreign operations. Currency exposure to the net assets of the Group's foreign operations in Australia is managed primarily through borrowings denominated in the relevant foreign currencies. The Group's net assets are not hedged as their currency positions are considered to be long-term in nature.

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	USD $'000	AUD $'000
Group		
At 30 June 2019		
Financial assets		
Cash and cash equivalents	4,213	11,491
Trade and other receivables	–	10,761
Other current assets	–	21
	4,213	22,273
Financial liabilities		
Trade and other payables	(5)	(29,111)
Borrowings	–	(4,034)
	(5)	(33,145)
Net financial assets/(liabilities)	4,208	(10,872)
Less: Financial (assets)/liabilities denominated in the respective entities' functional currencies		
Cash and cash equivalents	–	(1,490)
Trade and other receivables	–	(664)
Other current assets	–	(21)
	–	(2,175)
Trade and other payables	–	29,105
Borrowings	–	4,034
	–	33,139
	–	30,964
Currency exposure of net financial assets net of those denominated in the respective entities' functional currencies	**4,208**	**20,092**

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows (continued):

	USD $'000	AUD $'000
Group		
At 30 June 2018		
Financial assets		
Cash and cash equivalents	17,665	2,204
Trade and other receivables	–	5,940
	17,665	8,144
Financial liabilities		
Trade and other payables	(3,037)	(20,070)
Borrowings	–	(4,871)
	(3,037)	(24,941)
Net financial assets/(liabilities)	14,628	(16,797)
Less: Financial (assets)/liabilities denominated in the respective entities' functional currencies		
Cash and cash equivalents	–	(2,015)
Trade and other receivables	–	(1,352)
	–	(3,367)
Trade and other payables	3,021	20,055
Borrowings	-	4,871
	3,021	24,926
	3,021	21,559
Currency exposure of net financial assets net of those denominated in the respective entities' functional currencies	**17,649**	**4,762**

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows (continued):

	USD $'000	AUD $'000
Group		
At 1 July 2017		
Financial assets		
Cash and cash equivalents	19,212	3,728
Trade and other receivables	–	7,891
	19,212	11,619
Financial liabilities		
Trade and other payables	(53)	(17,622)
Borrowings	–	(5,072)
	(53)	(22,694)
Net financial assets/(liabilities)	19,159	(11,075)
Less: Financial (assets)/liabilities denominated in the respective entities' functional currencies		
Cash and cash equivalents	–	(2,562)
Trade and other receivables	–	(5,006)
	–	(7,568)
Trade and other payables	–	17,585
Borrowings	–	5,072
	–	22,657
	–	15,089
Currency exposure of net financial assets net of those denominated in the respective entities' functional currencies	**19,159**	**4,014**

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD $'000	AUD $'000
Company		
At 30 June 2019		
Financial assets		
Cash and cash equivalents	4,213	10,001
Trade and other receivables	–	10,097
	4,213	20,098
Financial liability		
Trade and other payables	(5)	(2)
	(5)	(2)
Net financial assets/Currency exposures	**4,208**	**20,096**

	USD $'000	AUD $'000
Company		
At 30 June 2018		
Financial assets		
Cash and cash equivalents	17,640	189
Trade and other receivables	–	4,588
	17,640	4,777
Financial liability		
Trade and other payables	(16)	(15)
	(16)	(15)
Net financial assets/Currency exposures	**17,624**	**4,762**

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD $'000	AUD $'000
Company		
At 1 July 2017		
Financial assets		
Cash and cash equivalents	19,212	1,167
Trade and other receivables	–	2,884
	19,212	4,051
Financial liability		
Trade and other payables	–	(37)
	–	(37)
Net financial assets/Currency exposures	**19,212**	**4,014**

If the AUD and USD change against the SGD by 6% (30 June 2018: 5%, 1 July 2017: 5%) and 1% (30 June 2018: 1%, 1 July 2017: 3%) respectively, with all other variables including tax rate being held constant, the effects arising from the net financial asset positions will be as follows:

	30 June 2019 Loss after tax $'000	30 June 2018 Loss after tax $'000	1 July 2017 Loss after tax $'000
Group			
AUD against SGD			
- Strengthened	**(1,001)**	(198)	(167)
- Weakened	**1,001**	198	167
USD against SGD			
- Strengthened	**(35)**	(146)	(477)
- Weakened	**35**	146	477

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	30 June 2019 Loss after tax $'000	30 June 2018 Loss after tax $'000	1 July 2017 Loss after tax $'000
Company			
AUD against SGD			
- Strengthened	**(1,001)**	(198)	(167)
- Weakened	**1,001**	198	167
USD against SGD			
- Strengthened	**(35)**	(146)	(478)
- Weakened	**35**	146	478

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash at bank and trade and other receivables. For trade receivables and accrued income, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. The Group's credit terms extended to customers may differ as credit terms are granted based on, amongst others, on the size of the projects or contracts, customers' creditworthiness and payment history, and length of dealing with the customer. For instance, for new customers the Group may request for payments to be made in advance for a certain portion or the entire value of the sales contract before commencing any work until the customers have demonstrated a prompt payment track record, following which the Group may extend the appropriate credit terms.

The Group monitors all outstanding trade receivables and accrued income closely and specific provision is made when the recoverability of an outstanding debt is in doubt. The amount of such provision is dependent on the duration for which the trade receivables and accrued income are overdue as well as on management's assessment of the likelihood that such trades may be unrecoverable. The Group may also write off outstanding trade receivables and accrued income when it is certain that a customer is unable to meet its financial obligations.

For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

28. Financial risk management (continued)

(b) Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables[(a)]
	$'000
Group	
Balance at 1 July 2018 under SFRS	-
Application of SFRS(I) 9 (Note 2.2C)	-
Balance at 1 July 2018 under SFRS(I) 9	-
Loss allowance recognised in profit or loss during the year on:	
- Assets acquired/originated	3
Balance at 30 June 2019	3

(a) Loss allowance measured at 12-month ECL

Cash and cash equivalents, other receivables and deposits are subject to immaterial credit loss.

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when the assets become uncollectible.

28. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2019 and 1 July 2018 are set out in the provision matrix as follows:

		Past due		
	Current	Less than 3 months	3 to 6 months	Total
	$'000	$'000	$'000	$'000
Group				
As at 30 June 2019				
Pharmaceutical products				
Expected loss rate	0%	0%	0%	
Trade receivables	21	1	–	22
Loss allowance	–	–	–	–
Nutraceutical products				
Expected loss rate	0%	25%	0%	
Trade receivables	11	12	–	23
Loss allowance	–	3	–	3

		Past due		
	Current	Less than 3 months	3 to 6 months	Total
	$'000	$'000	$'000	$'000
Group				
As at 1 July 2018				
Pharmaceutical products				
Expected loss rate	0%	0%	0%	
Trade receivables	8	2	–	10
Loss allowance	–	–	–	–
Nutraceutical products				
Expected loss rate	0%	0%	0%	
Trade receivables	22	–	–	22
Loss allowance	–	–	–	–
Chemical Analysis services				
Expected loss rate	0%	0%	0%	
Trade receivables	650	116	34	800
Loss allowance	–	–	–	–

28. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Receivables from subsidiaries, other receivables and other current assets (excluding prepayments)

For receivables from subsidiaries, other receivables due from non-related parties and deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. The Group has assessed credit risk based on the subsidiaries' underlying assets and operations, including future business plans and cash flow projections. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusted for forward-looking macroeconomic factors.

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Where there has been a significant increase in credit risk since initial recognition, lifetime expected credit loss has been calculated and recognised.

	Receivables from subsidiaries $'000
Company	
Balance at 1 July 2018 under SFRS	13,780
Application of SFRS(I) 9 (Note 2.2C)	–
Balance at 1 January 2018 under SFRS(I) 9	13,780
Loss allowance recognised in profit or loss during the year on:	
- Assets originated	4,004
Balance at 30 June 2019	17,784

Other receivables due from non-related parties and deposits for the Group are subject to immaterial credit loss.

28. Financial risk management (continued)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The credit risk for trade receivables and accrued income based on the information provided to key management is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
By geographical areas				
Australia	**832**	929	**1,267**	1,038
Other countries	**–**	–	**98**	–
By types of customers				
Non-related parties	**832**	929	**–**	–
Related parties	**–**	–	**1,365**	1,038

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS 39 as at 30 June 2018 and 1 July 2017 are set out in the provision matrix as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Past due < 3 months	118	246	**–**	–
Past due 3 to 6 months	34	7	**–**	–
	152	253	**–**	–

There were no trade receivables that were impaired as at the financial year end 30 June 2018.

28. Financial risk management (continued)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables (continued)

(i) Financial assets that are neither past due nor impaired

Cash at bank are mainly deposits at banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables and accrued income that are not impaired are substantially due from companies with good collection track records with the Group. There are no trade receivables and accrued income that are not past due and impaired as they are due from companies with good collection track records with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities.

The Group's liquidity needs include working capital requirements, expenditures relating to research and development activities, regulatory compliance activities, business development activities and repayment of outstanding debts.

The Group's liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk are primarily cash at bank as disclosed in Note 13.

Management monitors the liquidity reserve (comprising undrawn borrowing facilities (Note 21(b)) and cash and cash equivalents (Note 13) of the Group on the basis of expected cash flows. This is generally carried out at the local level in the operating companies of the Group in accordance with the practice and limits set by the Group.

28. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
Group			
30 June 2019			
Trade and other payables	**2,204**	**–**	**–**
Borrowings	**424**	**3,736**	**89**
30 June 2018			
Trade and other payables	5,906	–	–
Borrowings	329	446	3,859
1 July 2017			
Trade and other payables	2,407	–	–
Borrowings	529	487	4,696
Company			
30 June 2019			
Trade and other payables	**1,150**	**–**	**–**
Borrowings	**28**	**28**	**59**
30 June 2018			
Trade and other payables	969	–	–
1 July 2017			
Trade and other payables	846	–	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

28. Financial risk management (continued)

(d) Capital risk (continued)

Management monitor capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group			Company		
	30 June 2019	**30 June 2018**	**1 July 2017**	**30 June 2019**	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net (cash)/debt	**(9,731)**	(9,751)	(22,836)	**(13,054)**	(17,464)	(27,251)
Total equity	**20,499**	21,520	35,625	**26,503**	28,517	36,037
Total capital	**10,768**	11,769	12,789	**13,449**	11,053	8,786
Gearing ratio	**N.A(1)**	N.A(1)	N.A(1)	**N.A(1)**	N.A(1)	N.A(1)

(1) The Group and the Company's cash position exceeds the total of trade and other payables, and borrowings. The Group and the Company are in a net cash position for the financial years ended 30 June 2019 and 2018 and 1 July 2017.

(e) Financial instruments by category

The aggregate carrying amounts of financial assets, at amortised cost, loans and receivables and financial liabilities at amortised cost are as follows:

	Group	**Company**
	$'000	**$'000**
30 June 2019		
Financial assets, at amortised cost	**16,047**	**25,171**
Financial liabilities at amortised cost	**6,035**	**1,252**

	Group	**Company**
	$'000	**$'000**
30 June 2018		
Loans and receivables	23,100	24,100
Financial liabilities at amortised cost	10,296	969

	Group	**Company**
	$'000	**$'000**
1 July 2017		
Loans and receivables	32,059	31,453
Financial liabilities at amortised cost	7,157	846

28. Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities

There were no financial instruments that are subject to enforceable master netting arrangements or similar agreements.

(g) Fair value measurements

The fair value of financial liability for disclosure purpose is classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers of the financial liability between each level during the financial years ended 30 June 2019 and 30 June 2018.

See Note 21(a) for disclosure of the fair value of borrowings.

29. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2019	**2018**
	$'000	**$'000**
Rental paid to related parties	**–**	9
Professional fees paid to related parties	**315**	129

Related parties comprise corporations which are controlled by the Company's or its subsidiaries' key management personnel.

Outstanding balances as at 30 June 2019, arising from amount due to directors of the Company and its subsidiaries, are set out in Note 20.

29. Related party transactions (continued)

(i) Key management personnel compensation

Compensation paid/payable to key management personnel of the Group is as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Wages, salaries and other short-term employee benefits	**1,811**	1,392
Employer's contribution to defined contribution plans	**15**	16
Share based payment expense	**391**	273
	2,217	1,681

30. Segment information

Management has determined the operating segments based on the reports that are used to make strategic decisions, allocate resources, and assess performance.

The Management considers the Group's business based on its business segments, which comprise of the Specialty Pharmaceutical and Nutraceutical segments.

Specialty Pharmaceutical primary business activities are the development, manufacturing and sale of pharmaceutical and nutraceutical products. Nutraceutical primary business activities are the sale of nutraceutical products.

The segment information for the reportable segments is as follows:

Continuing business

2019	**Specialty Pharmaceutical** **$'000**	**Nutraceutical** **$'000**	**Total continuing operations** **$'000**
Group			
Revenue			
Total segment sales	480	278	758
Less:			
Inter-segment sales	(87)	–	(87)
Sales to external parties	**393**	**278**	**671**
Adjusted EBITDA	**(4,956)**	**(1,854)**	**(6,810)**
Depreciation	538	–	538
Amortisation	2	–	2

30. Segment information (continued)

The segment information for the reportable segments is as follows: (continued)

Continuing business (continued)

Group 2018	Specialty Pharmaceutical $'000	Nutraceutical $'000	Total continuing operations $'000
Revenue			
Total segment sales	139	156	295
Less:			
Inter-segment sales	(49)	–	(49)
Sales to external parties	**90**	**156**	**246**
Adjusted EBITDA	**(10,083)**	**(364)**	**(10,447)**
Depreciation	434	–	434
Amortisation	4	–	4

(a) Reconciliations

(i) Segment profits

The revenue from external parties reported to the Management is measured in a manner consistent with that in the statement of comprehensive income.

The Management assesses the performance of the business segments based on a measure of earnings before interest, tax, depreciation and amortisation and other non-recurring income or expenses ("Adjusted EBITDA").

Interest income and finance expense are not allocated to segments as deposits and borrowings are managed on an overall Group basis and not allocated to specific business segments.

This measurement basis excludes the effects of expenditure from the business segments that are non-recurring such as restructuring costs and impairment loss, that are not expected to recur regularly in every period and which are separately analysed.

30. Segment information (continued)

(a) Reconciliations (continued)

(i) Segment profits (continued)

A reconciliation of Adjusted EBITDA to loss from continuing operations before income tax is as follows:

	2019 $'000	2018 $'000
Adjusted EBITDA is reconciled to loss before income tax as follows:		
- Reportable segments	**(6,810)**	(10,447)
- Unallocated corporate expenses	**(3,641)**	(3,970)
	(10,451)	(14,417)
Research and development tax incentive	**208**	1,207
Depreciation	**(621)**	(501)
Amortisation	**(2)**	(5)
Currency exchange losses – net	**(1,656)**	(1,085)
Share based payment expense	**(708)**	(407)
Finance expense	**(232)**	(250)
Interest income	**194**	223
Loss from continuing operations before income tax	**(13,268)**	(15,235)

(b) Geographical information

The Group's two business segments operate in two geographical areas:

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the researching and experimental development on biotechnology life and medical science; and
- Australia - the operations in this area are principally sales and manufacturing of pharmaceutical and nutraceutical products.

	Sales[1]	
	2019 $'000	2018 $'000
Singapore	**88**	134
Australia	**583**	112
	671	246

	Non-current assets[2]	
	2019 $'000	2018 $'000
Australia	**7,738**	7,472

(1) External sales by geographical segment are determined based on the locations the revenue originated.

(2) Non-current assets by geographical segment are based on the locations of the respective assets.

There were no significant revenues derived from a single external customer for the financial years ended 30 June 2019 and 30 June 2018.

31. New or revised accounting standards and interpretations

Below is a mandatory standard that has been published, which is relevant and will be adopted for the Group's accounting periods beginning on or after 1 July 2019:

- SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

  SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The Group will apply the standard from its mandatory adoption date of 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

  As at the reporting date, the Group has non-cancellable operating lease commitments of $625,000 (Note 27). On 1 July 2019, the Group expects to recognise right-of-use of $589,000 and lease liabilities of $589,000. Overall net current assets will be approximately $388,000 lower due to the presentation of a portion of the liability as a current liability.

  The Group expects that net profit after tax will decrease by approximately $2,000 for financial year ended 30 June 2020 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately $382,000, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

  Operating cash flows will increase and financing cash flows decrease by approximately $357,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of iX Biopharma Ltd. on 16 September 2019.

Statistics of Shareholdings

As at 30 August 2019

Issued and Fully Paid-Up Capital	:	$71,524,874
Number of Shares in Issue	:	644,594,057
Class of Share	:	Ordinary Shares
Treasury Shares	:	Nil
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 30 AUGUST 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	4	0.69	144	0.00
100 - 1,000	38	6.60	24,148	0.00
1,001 - 10,000	169	29.34	888,220	0.14
10,001 - 1,000,000	319	55.38	41,403,653	6.42
1,000,001 AND ABOVE	46	7.99	602,277,892	93.44
TOTAL	**576**	**100.00**	**644,594,057**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares	% of Shares
1	LEE EDDY YIP HANG	165,119,020	25.62
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	92,750,148	14.39
3	CITIBANK NOMINEES SINGAPORE PTE LTD	84,834,808	13.16
4	RAFFLES NOMINEES (PTE) LIMITED	38,378,920	5.95
5	JASPAL SINGH NARULLA	30,870,948	4.79
6	TANG CHOY LENG JANE MRS JANE LEE CHOY LENG	17,460,982	2.71
7	DBS NOMINEES PTE LTD	16,625,380	2.58
8	PHILLIP SECURITIES PTE LTD	15,063,269	2.34
9	YEOH WEE LIAT	13,713,396	2.13
10	WETWATERS 8 (S) PTE LTD	11,700,000	1.82
11	ANG BOON TECK SUNNY	10,265,539	1.59
12	OCBC SECURITIES PRIVATE LTD	9,650,400	1.50
13	MOHAN BHAGCHAND MULANI	8,318,000	1.29
14	ALBERT HO SHING TUNG	8,250,099	1.28
15	HSBC (SINGAPORE) NOMINEES PTE LTD	5,633,724	0.87
16	RAJAN MENON	5,200,000	0.81
17	FENG ZITONG	4,926,100	0.76
18	RAMCHANDRA HEGDE OR MYNA RAMCHANDRA HEGDE	4,605,100	0.71
19	RHB SECURITIES SINGAPORE PTE LTD	3,570,100	0.55
20	BALDEV SINGH S/O GULZAR SINGH	3,243,000	0.50
	TOTAL	550,178,933	85.35

Statistics of Shareholdings

As at 30 August 2019

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
Eddy Lee Yip Hang	165,119,020	25.62	17,460,982[1]	2.71
Anson Properties Pte. Ltd.	62,381,336[2]	9.71	–	–
Jaspal Singh Narulla	30,870,948	4.79	16,380,000[3]	2.55

Notes:

1. Mr. Eddy Lee Yip Hang is deemed interested in the shares of the Company held by his wife, Ms. Tang Choy Leng Jane by virtue of Section 164 of the Companies Act.

2. Anson Properties Pte. Ltd. ("APPL") is 100.00% owned by HRT Corporation Pte. Ltd. ("HRT Corporation"). Ms. Puah Bee Lee owns 100% of equity interest in HRT Corporation. Accordingly, Ms. Puah Bee Lee and HRT Corporation are deemed to be interested in the shares of the Company held by APPL. APPL's direct interest of 41,200,000 and 21,181,336 shares are held in the name of CIMB Securities (Singapore) Pte Ltd and Citibank Nominees Singapore Pte Ltd, respectively.

3. Mr. Jaspal Singh Narulla is deemed interested in the shares of the Company held by Wetwaters 8 (S) Pte. Ltd., Jaspal Narulla Family Investments Pte. Ltd. and Narulla One (S) Pte. Ltd. (the "Companies") by virtue of his shareholding interest in the Companies.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 30 August 2019, approximately 54.62% of the shareholdings of the Company is held in the hands of the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

Additional Information on Directors Seeking Re-election

at 2019 Annual General Meeting

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating the Directors who are retiring and seeking re-election in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

	Mr. Albert Ho Shing Tung	**Ms. Claudia Teo Kwee Yee**
Age	52	53
Date of appointment	1 March 2013	18 June 2015
Job Title	Non-executive Director A member of the Audit Committee (AC), Remuneration Committee (RC) and Risk Management Committee (RMC)	Non-executive and Independent Director Chairperson of the NC, RC and RMC and a member of the AC
Date of last re-election as Director	24 October 2017	24 October 2017
Country of principal residence	Singapore	Singapore
The Board's comments on the re-appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Albert Ho Shing Tung ("Mr. Ho") as the Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration of Mr. Ho's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr. Ho will, upon re-election, continue to serve as a member of the AC, RC and RMC.	The re-election of Ms. Claudia Teo Kwee Yee ("Ms. Teo") as the Non-Executive and Independent Director was recommended by the NC (save for Ms. Teo who abstained) and the Board has accepted the recommendation, after taking into consideration of Ms. Teo's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company. The NC has reviewed and confirmed Ms. Teo's independence. Ms. Teo will, upon re-election, continue to serve as the Chairperson of the NC, RC and RMC and a member of the AC
Whether appointment is executive, and if so, the area of responsibility	No	No
Professional qualification	Bachelor of Commerce degree (Australian National University); Fellow Certified Practising Accountant with CPA Australia.	Bachelor of Laws at University of Manchester; Called to the Singapore Bar; A barrister and a solicitor of England and Wales; Admitted to the Rolls of Solicitors of Hong Kong.
Working experience and occupation(s) during the past 10 years	A director of Centrum Capital Pte. Ltd., an investment and asset management firm. Previously worked at various international banks and multinational corporations, and has more than 25 years' experience in the areas of corporate development, finance and investment banking.	A partner and head of the Corporate and Financial Services practice group of Eversheds Harry Elias LLP; Over 20 years' experience in corporate finance and M&A transactions throughout Asia; Recommended as a leading lawyer in The Legal 500; Extensive experience in investment funds, collective investment schemes and related regulatory and licensing requirements.

Additional Information on Directors Seeking Re-election

at 2019 Annual General Meeting

	Mr. Albert Ho Shing Tung	Ms. Claudia Teo Kwee Yee
Shareholding interest in the Company and its subsidiaries	Mr. Ho is holding 8,250,099 shares in the Company. Mr. Ho is the director and shareholder holding 93% of the share capital of Centrum Capital Pte. Ltd. Accordingly, Mr. Ho is deemed to be interested in the 130,000 shares of the Company held by Centrum Capital Pte. Ltd.	Ms. Teo is deemed to be interested in the 70,000 shares of the Company held in the name of her spouse, Mr. Jimmy Wing Tim Liu.
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H under Rule 720(1) has been submitted to the Company	Yes	Yes
Other Principal Commitments[a] including directorships – Present	A director of Centrum Capital Pte. Ltd., an investment and asset management firm	A partner and head of the Corporate and Financial Services practice group of Eversheds Harry Elias LLP
Group Companies	iX Biopharma Ltd[b] iX Syrinx Pty Ltd Kaizen Manufacturing Pty Ltd Entity Health Limited Entity Health Pte Ltd	iX Biopharma Ltd[b]
Other Companies	Beral Holdings Pte. Ltd. Centrum Capital Pte. Ltd. Fasrich Investment Pte. Ltd. Ferringhi Rock Sdn Bhd Flexible Space Pte. Ltd. Helios Trade and Investments Pte Ltd Machor Holdings Pte. Ltd. Maritime Torch Sdn Bhd Orient Torch Private Limited Riverstone Holdings Limited[b] Topsource Investment Ltd	Ren Ci Hospital & Medicare Centre
Other Principal Commitments including directorships - Past (for the last 5 years):		
Group Companies	Chemical Analysis Pty Ltd	None
Other Companies	None	None
Responses to questions (a) to (k) under Appendix 7F of the Catalist Rules	Negative Confirmation	Negative Confirmation

a "Principal Commitments" has the same meaning as defined in the Code and includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.

b Listed company

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of iX Biopharma Ltd. (the "**Company**") will be held at NUSS Kent Ridge Guild House, Inner Chamber, 9 Kent Ridge Drive, Singapore 119241 on Friday, 18 October 2019 at 10.00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Albert Ho Shing Tung, as a Director of the Company, who is retiring by rotation pursuant to Regulation 85 of the Company's Constitution.
(*See Explanatory Note 1)*

(Resolution 2)

3. To re-elect Ms. Claudia Teo Kwee Yee, as a Director of the Company, who is retiring by rotation pursuant to Regulation 85 of the Company's Constitution.
(*See Explanatory Note 2)*

(Resolution 3)

4. To approve the Directors' fees of S$334,000 for the financial year ending 30 June 2020, to be paid quarterly in arrears (2019: S$334,000). **(Resolution 4)**

5. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time this Resolution is passed after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards outstanding and subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Company's Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 3)

(Resolution 6)

8. **Authority to allot and issue Shares under the iX Employee Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the iX Employee Share Option Scheme (the "**Share Option Scheme**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Share Option Scheme, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Share Option Scheme and the iX Performance Share Plan collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time."

(See Explanatory Note 4)

(Resolution 7)

9. **Authority to allot and issue Shares under the iX Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the iX Performance Share Plan (the "**Share Plan**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Share Plan, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Share Option Scheme and the Share Plan collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time."

(See Explanatory Note 5)

(Resolution 8)

By Order of the Board

Lee Wei Hsiung / Wang Shin Lin, Adeline
Company Secretaries

26 September 2019
Singapore

Notice of Annual General Meeting

Explanatory Notes:

1. Mr. Albert Ho Shing Tung will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Remuneration Committee and Risk Management Committee. Key information on Mr. Albert Ho Shing Tung required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2019 Annual General Meeting" of the Company's Annual Report 2019.

2. Ms. Claudia Teo Kwee Yee will, upon re-election as a Director of the Company, remain as Chairperson of the Nominating Committee, Remuneration Committee and Risk Management Committee, and continue as a member of the Audit Committee. Ms. Claudia Teo Kwee Yee is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders. Key information on Ms. Claudia Teo Kwee Ye required pursuant to Rule 720(5) of the Catalist Rules can be found under "Additional Information on Directors Seeking Re-election at 2019 Annual General Meeting" of the Company's Annual Report 2019.

3. Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders.

4. Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to allot and issue Shares in the Company, collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the exercise of Options under the Share Option Scheme.

5. Ordinary Resolution 8 proposed in item 9 above, if passed, will authorise and empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to allot and issue Shares in the Company, collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the grant of share awards under the Share Plan.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member appoint two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than seventy-two (72) hours before the time appointed for the Annual General Meeting.

4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

Notice of Annual General Meeting

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules.

This Notice has not been examined or approved by the SGX-ST and the SGX-ST assume no responsibility for the contents of this notice, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: (65) 6337-5115.

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IX BIOPHARMA LTD.

Company Registration No. 200405621W
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's Shares, the Annual Report is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY.**
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their respective CPF Approved Nominees.

Annual General Meeting
Proxy Form

I/We, _____ (Name) _____ (*NRIC/Passport No.)
of _____ (Address)
being a *member/members of iX Biopharma Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)
Address		

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)
Address		

or failing which, the Chairman of the Annual General Meeting of the Company ("AGM"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at NUSS Kent Ridge Guild House, Inner Chamber, 9 Kent Ridge Drive, Singapore 119241 on Friday, 18 October 2019 at 10.00 a.m. and at any adjournment thereof.

All resolutions put to the vote at the AGM shall be decided by way of poll.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM.

No.	Resolution	No. of Votes For**	No. of Votes Against**
1	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2019 together with the Auditors' Report thereon.		
2	Re-election of Mr. Albert Ho Shing Tung as a Director of the Company.		
3	Re-election of Ms. Claudia Teo Kwee Yee as a Director of the Company.		
4	Approval for payment of Directors' fees of S$334,000 for the financial year ending 30 June 2020, to be paid quarterly in arrears.		
5	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.		
6	Authority to allot and issue shares.		
7	Authority to allot and issue shares under the iX Employee Share Option Scheme.		
8	Authority to allot and issue shares under the iX Performance Share Plan.		

Note:

* Please delete accordingly.

** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of_____ 2019

Total Number of Shares held in:	
CDP Register	
Register of Members	

_____

Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289), you should insert that number. If you have shares registered in your name in the Register of Members, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Act").

3. A proxy need not to be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than seventy-two (72) hours before the time appointed for the AGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

8. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending or voting in person at the AGM if he/she so wishes.

9. An investor who buy shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

10. The Company shall be entitled to reject the instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy or if the member, being the appointor, is not shown to have shares against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 September 2019.

Affix Postage Stamp

The Share Registrar

IX BIOPHARMA LTD.

80 Robinson Road

#11-02

Singapore 068898

Corporate Information

Board of Directors
Eddy Lee Yip Hang
Chairman and CEO

Albert Ho Shing Tung
Non-Executive Director

Low Weng Keong
Lead Independent Director

Claudia Teo Kwee Yee
Independent Director

Audit Committee
Low Weng Keong
Chairman
Albert Ho Shing Tung
Claudia Teo Kwee Yee

Nominating Committee
Claudia Teo Kwee Yee
Chairperson
Low Weng Keong
Eddy Lee Yip Hang

Remuneration Committee
Claudia Teo Kwee Yee
Chairperson
Albert Ho Shing Tung
Low Weng Keong

Risk Management Committee
Claudia Teo Kwee Yee
Chairperson
Low Weng Keong
Albert Ho Shing Tung

Joint Company Secretaries
Lee Wei Hsiung (ACIS)
Wang Shin Lin, Adeline (ACIS)

Registered Office
80 Robinson Road #02-00
Singapore 068898
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Fax: +65 6235 2170
Email: info@ixbiopharma.com

Principal Place of Business
1 Kim Seng Promenade, #14-01
Great World City East Lobby
Singapore 237994
Tel: +65 6235 2270
Fax: +65 6235 2170
Email: info@ixbiopharma.com

Share Registrar
Tricor Barbinder
Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Company Sponsor
CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

Independent Auditor
PricewaterhouseCoopers LLP
7 Straits View, Marina One East Tower
Level 12, Singapore 018936
Partner-in-charge:
Low Eng Huat, Peter
(a practising member of the Institute of Singapore Chartered Accountants)
Year of Appointment: Financial Year ended 30 June 2015

Principal Bankers
United Overseas Bank Limited
80 Raffles Place UOB Plaza 1
Singapore 048624

National Australia Bank Limited
800 Bourke Street
Melbourne, Victoria 3008, Australia

ixbiopharma
it's life changing

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